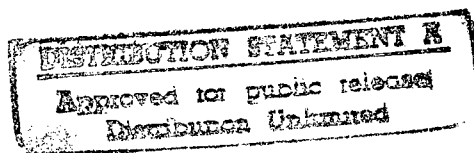




**FOREIGN  
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# ***JPRS Report***



# **China**

## **PROVINCIAL GOVERNMENT WORK REPORTS**

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# **China**

## **PROVINCIAL GOVERNMENT WORK REPORTS**

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## Hubei Government Work Report

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3 May 92 pp 1-2

[Hubei Province government work report delivered before the Fifth Session of the Seventh Provincial People's Congress by Hubei Provincial Governor Guo Shuyan (6753 2885 6056) on 20 April 1992: "Expedite Pace of Reform and Opening Up, Concentrate Efforts on Boosting Economic Construction"]

[Text] Fellow Deputies: On behalf of the provincial people's government, I now submit the Report on the Work of the Government for your examination and approval, and also for suggestions and comments from members of the provincial Chinese People's Political Consultative Conference [CPPCC] committee.

### I. New Achievements Made by Our Province in Various Economic and Social Undertakings in 1991

The year 1991 was the first year in which our province began to carry out the 10-Year Program and the Eighth Five-Year Plan. Under the leadership of the provincial party committee and the supervision and support of the provincial people's congress and provincial CPPCC committee, we have conscientiously implemented the spirit of the Central Work Meeting and the Eighth Plenary Session of the 13th CPC Central Committee, adhered to the party's basic line, and resolutely conducted various tasks which had been examined and approved by the Fourth Session of the Seventh Provincial People's Congress. We have mobilized and organized servicemen and civilians throughout the province to conduct tenacious struggles against disastrous floods and have achieved great successes in preventing and fighting floods and in helping people to withstand natural disasters by boosting production. We have made great achievements in economic construction, reform, opening up, and various social undertakings.

1. The national economy continued to develop toward a better orientation.

In 1991, the provincial GNP reached 85.8 billion yuan (all figures in this paragraph are based on the constant prices for 1990), which is an increase of 4.5 percent over the previous year; the national income of the province reached 71.6 billion yuan, an increase of 4 percent; total industrial and agricultural output value reached 158,951 million yuan, a 6.4 percent increase; and revenue reached 8.45 billion yuan, up 5.75 percent.

Despite serious floods, there were good harvests in agricultural production. Total grain output reached 22.44 million metric tons; cotton output was 490,000 tons; and the output of oil crops was 1.06 million tons, which was a record high. Comparatively large development was achieved in forestry, fishery, animal husbandry, and other businesses. The output value of township and town enterprises reached 39.8 billion yuan, which is an increase of 17.5 percent over the previous year. The province's rural total product of society reached 73.18 billion yuan (based on current prices), an increase of 4.4 percent over the previous year.

Overall growth was achieved in industrial production, and economic returns were increased to a certain extent. As a result of conducting the "quality, variety, and efficiency year" activity in an extensive way and firmly promoting the readjustment of the product mix and the work of restricting production, reducing storage, strengthening marketing, and making up deficits and increasing surpluses, a trend of overall growth appeared in industrial production. Total industrial output value fulfilled by the province reached 118,061 million yuan, which is an increase of 9.1 percent over the previous year. Of this, the industrial output value fulfilled at and above the township level was 103,975 million yuan. The steady quality improvement rate reached 91 percent, and more than 4,600 new products and new varieties were developed. The profit tax rates of funds and product marketing of the industrial enterprises under the state budget were higher than the nation's average level. The number of enterprises suffering losses and their total deficits dropped by 9.5 and 30.9 percent, respectively.

Investments in fixed assets were fulfilled comparatively well, and major construction project developed rather quickly. The province fulfilled investments of 11,907 million yuan in the fixed assets of the units under the ownership of the whole people, which is an increase of 18.7 percent over the previous year. Of this, investment in capital construction was 6,808 million yuan, an increase of 19.9 percent; and investment in renewal and transformation projects was 3,772 million yuan, up 13.3 percent. With the further readjustment of the investment structure, basic industries and facilities were strengthened. Construction on a number of major projects—such as the Geheyuan Hydropower Station, the No. 2 generating set of the Hanchuan Power Plant, the double 700 extension project of the Wuhan Iron and Steel Complex, the Shitaisi Pumping Station in Zaoyang, the new railway station of Hankou, the Changfei Optical Fiber and Optical Cable Company Limited in Wuhan, and the main building of the provincial museum of science and education—was accelerated; some have been completed and put into production.

Market sales increased and commodity prices were stable. In various localities, product marketing was generally strengthened, and great efforts were made to open up markets both inside and outside of the province. Remarkable achievements were made in this respect. The province's total volume of retail sales reached 41,318 million yuan, an increase of 10.2 percent over the previous year. The general price index rose 4.3 percent, which was lower than the state-controlled target of 6 percent. In the wake of economic development, the lives of both urban and rural residents continued to improve. By the end of last year, the savings deposits of both urban and rural people increased by 26.4 percent over the previous year. 2. New headway was made in economic structure reform.

Rural reforms continued to be conducted in depth. While consolidating the contract responsibility system with remuneration linked to output, work was focused on expanding the collective economy, perfecting the management system in which unified management is combined with separate

management, and strengthening construction of the collectivized service system. A number of service organizations for popularizing science and technology; for protecting crops and vegetation; for preventing and curing animal diseases; for cultivating fine breeds and varieties; and for promoting the integration of agriculture, industry, and commerce and the integration of production, supply, and marketing, were developed to promote further development of the rural economy.

In enterprise reform, on the basis of the second round of contracts, a series of policies and measures were adopted to improve the state-owned large and medium-sized enterprises. Initial achievements were made in this respect. After the Central Work Meeting, the province devised 34 regulations for improving large and medium-size enterprises, and new headway was made in various coordination reforms. It played a positive role in invigorating large and medium-size enterprises. The newly increased output value of large and medium-size enterprises made up more than 50 percent of the newly increased output value of the enterprises owned by the whole people. Their position as the main body was thus strengthened. In more than 200 state-owned and cooperative commercial enterprises of this province, experiments were made to relax control over operation, prices, distribution, and employment; a number of industry-commerce and commerce-commerce integrations and wholesale markets were established. In some industrial enterprises, the experiment on breaking with the "three irons" [iron ricebowl, ironclad wages, and iron armchair (guaranteed rank)] was conducted. In accordance with the state's unified arrangements, the prices of some advanced products and railway freight transport, and the selling prices of grain and oil for urban residents were readjusted in the price reform. The province was the first in the country to adopt unified electricity selling prices on a trial basis; some obviously irrational prices and charges were readjusted and improved. Experiments on reform of the housing system, social insurance system, and medical system were further expanded.

## 2. A bigger step was taken in opening up to the outside world.

Steady development was achieved in foreign trade and the pace of using foreign funds was accelerated. To meet the requirement of reform of the foreign trade structure, great efforts were made to build more export commodity bases, to improve the factories and workshops which are specialized in producing export goods, to readjust the mix of export commodities, and to open up more overseas markets. A gratifying situation appeared in foreign trade, which was characterized by increased exports and foreign exchange, lower expenses, and improved returns. In 1991, the total foreign trade volume of the province reached \$1,162 million, which is an increase of 8.4 percent over the previous year. As a result of strengthening the construction of communication, telecommunication, and service facilities and of planning and promulgating a number of preferential policies, more foreign investments were attracted to this province. The foreign funds actually used by the province in 1991 were worth \$265 million. A total of 228 partially or

wholly foreign-owned enterprises were established, which is the highest number since reform and opening up began.

The construction of experimental development zones for opening up to the outside world developed smoothly. The province has already established nine economic and technological development zones. A total of more than 1.8 billion yuan has been invested and 207 projects have been established or approved, including 82 partially or wholly foreign-owned enterprises. The Donghu high and new technological industrial development zone has developed to a certain scale, and the construction of other economic and technological development zones—such as Gedian, Wuhan's Dunkou, Yichang's Dongshan, Xiangfan's Youfanggang, Shiyan's Bailang, Xiaogan, and Huangzhou—has been further accelerated.

Foreign economic, technological, and cultural exchanges were further expanded. Foreign relations were promoted by conducting a series of activities, such as visiting other countries and the Hong Kong and Macao regions, holding trade talks, sponsoring the Wudang cultural and martial arts festival and the Huangshi international ping pong festival within the province, and holding a large-scale event to commemorate the 80th anniversary of the 1911 Revolution. At present, our province has economic, technological, cultural, and educational exchanges and cooperation with more than 100 countries and regions.

## 3. Comprehensive development of various social undertakings.

New progress was made in combining science and technology with economic construction. In 1991, the province made 520 provincial-level achievements in science and technological research, 40 of which won national prizes. The implementation of the spark program, the prairie fire program, and the harvest program promoted the change of science and technological achievements into productive forces. New achievements were made in education, culture, public health, sports, and other undertakings. In education, efforts were made to overcome the difficulties incurred by natural disasters to ensure that the schools in the disaster-afflicted areas could start their new terms on schedule. Institutions of higher learning, adult education, and professional and technological education continued to develop. Importance was also attached to training the people who had taken the lead in getting rich through science and technology in rural areas. In public health work, the objective of no serious diseases after serious natural disasters was achieved. In the cultural field, the policy of "grasping with both hands" was implemented. The management of books, magazines, audio and video products, and cultural markets was strengthened, and some good artistic pieces were created and performed on stage. Last year, our province was conferred the honorable title "advanced province of the nation in promoting mass sports" by the State Physical Culture and Sports Commission; we won 199 medals in major international and domestic contests.

## 5. Construction of the spiritual civilization and a democratic legal system was further strengthened.

After conducting theoretical education among the cadres, the rural socialist education, the education on "two basic points" in enterprises, and the activity of building civilized cities and towns, the ideological consciousness and moral quality of the masses were further increased. A number of heroes and models emerged. Especially, after the serious floods, all servicemen and civilians throughout the province took an active part in fighting natural disasters and providing relief. People of various circles enthusiastically donated money and materials to help the disaster-afflicted areas, thereby fully displaying the superiority of the socialist system and the cohesive force of the Chinese nation.

The governments at all levels reported their work to the people's congress standing committees regularly and briefed the CPPCC committees on their situations. On major issues, they solicited opinions from the people's congress standing committees, the CPPCC committees, and from nonparty personages. Democratic supervision and policy decisions were further strengthened.

While making continuous efforts to check the problems of taking advantage of power to seek private benefit, of extravagance and waste, and of sending children to school at public expense, strength was concentrated on rectifying the unhealthy trends in various trades and checking the "three indiscriminates." New headway was made in building a clean government.

The struggle against serious criminal offenses was further conducted and a number of serious criminal offenders were punished severely and promptly according to the law. Basic work for improving the social order in a comprehensive way was further strengthened, and the consciousness of the masses of people in the fight against criminal offenders was gradually increased.

In short, in the past year, our province enjoyed social stability, economic stability, and a peaceful social environment. Summing up the successful experience of reform and opening up in the past 10-odd years, we deeply feel that the fundamental reason why our provincial GNP was able to grow by 130 percent in the 1980's and achieve the first target of doubling [fan fan 5064 3972] three years ahead of schedule and why we were able to greatly strengthen our economic strength and achieve great successes in improving the people's livelihood was that we had resolutely implemented the party's basic line of "one center, two basic points." This line is the lifeblood of all of our work. We must resolutely and unswervingly implement it and keep it unchanged for 100 years. In the future, we must, under the guidance of the party's basic line, continue to emancipate our minds, seek truth from facts, make courageous explorations, struggle hard, and make new contributions to building socialism with distinctive Chinese characteristics.

Fellow Deputies: While fully affirming our achievements, we must also clearly see that compared to the coastal areas and other developed provinces, there is still a big gap between the economic development of our province and theirs. In recent years, especially, the position of our provincial economy in the nation has moved backward. Some main economic indices of our province were lower than the

national average. The development of economic structural reform and the development of tertiary industry and the collective, individual, and private economic sectors was rather slow. Quite a few products lacked competitiveness because of their poor quality. Some trades and enterprises suffered serious losses because of low economic returns. Financial deficits of the province increased, and contradictions between revenues and expenditures were sharpened. The material and technological bases for agriculture were comparatively weak, and the peasants' income did not increase quickly. Some of these problems have accumulated over many years, but some have only emerged in recent years. The fundamental reason for this is that we had not sufficiently emancipated our minds and did not have a strong sense of reform and opening up. We had not really completed the change from a product economy to a planned commodity economy. Since the beginning of this year, the provincial government has conscientiously studied and implemented the spirit of Comrade Xiaoping's important speeches and, in accordance with the arrangements of the provincial party committee, has adopted some important actions and measures to strengthen reform and opening up and to speed up economic development. Certain achievements have already been made in this respect. In the first quarter of this year, our province fulfilled 25,045 million yuan of gross industrial output value, which was an increase of 13.2 percent over the same period of last year. The marketing output value increased by 17.5 percent, which was 4.3 percentage points higher than the increase for the output value [as published]. The funds for producing finished products, the number of enterprises suffering losses, and the amount of losses were all reduced, while the total amount of profit tax and the profit tax actually turned over to the state were increased by a large margin. Financial income of the province increased by 22.1 percent over the same period of last year. Foreign trade and export volume grew 27.2 percent. A total of 86 partially or wholly foreign-owned enterprises were approved [as published], which was an increase of 230 percent. Practice proves that if we emancipate our minds, boldly blaze new trails, and do solid jobs in various fields, it is entirely possible for Hubei's economy to keep up with the nation's pace of development.

## II. Boost Enthusiasm and Concentrate on This Year's Economic Work

It is necessary to firmly grasp the center of economic construction without relaxation and concentrate our energy on boosting economic construction. This is a pressing task before us. At present, economic improvement and rectification has basically ended. The macroeconomic environment has been greatly improved, and our economic development has entered a new stage. Especially since Comrade Xiaoping's important speeches were conveyed to the lower levels and implemented, the people of our province have been greatly inspired. They have high morale in reform and opening up and in expediting economic construction. Hubei has a better economic basis and certain superiority in science and technology, natural resources, fixed assets, and other fields. We must fully understand and seize the current opportune time and concentrate our strength to further accelerate the pace of our economic development, so that

our provincial economy can be pushed onto a new stage every few years. According to this general demand, the guiding ideology for this year's provincial economic construction is: To firmly and unswervingly implement the party's basic line, further implement the spirit of the Eighth Plenary Session of the 13th CPC Central Committee and the Central Work Meeting, further emancipate the mind, more boldly deepen reform, expand the scale of opening up, accelerate the pace of science and technological progress, and vigorously promote structural readjustment so that our national economy can develop faster while increasing economic returns.

The main objectives of our provincial economic development are: The GNP will grow by 5.6 percent; the national income will grow by 5.2 percent; the investment in the fixed assets of the province, localities, and whole society will grow by 13 percent; revenues and expenditures will be basically balanced; the growth of the retail price index of commodities will be controlled within 6 percent; and the volume of foreign trade and export will grow by 12 percent. We must endeavor to do our work well and strive for better results.

**1. To further readjust the rural industrial structure; vigorously develop high-quality, high-yield, and high-efficiency agriculture; and endeavor to increase the peasants' income and to lead them in the march forward toward the target of leading a relatively comfortable life.** Hubei is a big agricultural province. Steady agricultural development is of vital importance to invigorating the provincial economy. This year, it is planned that the total grain output will reach 24 million metric tons, cotton output will reach 500,000 metric tons, total agricultural output value will grow by 5 percent, and the peasants' per capita income will increase by 50 yuan or more. Agricultural production was damaged last year. This year, summer grain has been affected by drought and frost. To fulfill the above-mentioned tasks, it is necessary to implement in a comprehensive way the spirit of the Eighth Plenary Session of the 13th CPC Central Committee and the Seventh (Enlarged) Plenary Meeting of the Fifth Provincial CPC Committee. It is necessary to do a good job in various fields around the target of increasing agricultural returns and the peasants' income in order to strive for a bumper harvest in agricultural production.

It is necessary to actively readjust the structure of grain production. On the premise of basically stabilizing the area of grain fields, it is necessary to expand the area of fine-quality rice, wheat, and maize and to appropriately develop other fine-quality crops and beans, which are in short supply and easy to sell in our province. It is necessary to endeavor to increase the economic returns of grain production. To promote the readjustment of the structure of grain varieties, the provincial government decided to adopt, beginning this year, a policy of better prices for better quality. It is necessary to make full use of mountain and river resources and to vigorously develop a diversified economy. To expedite forestry development, it is necessary to promote the construction of economic forests in mountainous areas so that the target of each person building one mu of economic forest can be gradually attained. At the same time, it is necessary to promote production of special local products. It

is necessary to actively develop animal husbandry and, while encouraging the peasants to breed more livestock and poultry, to establish a number of modern breeding enterprises and service entities. It is necessary to make full use of and to improve grass hills and slopes for the development of animal husbandry. In fishery production, it is necessary to combine small-scale aquatic production with large-scale development and utilization of water resources and to develop fine-quality aquatic products. While developing a diversified economy, it is necessary to make overall plans and to endeavor to "establish specific and unique businesses for every township and village," so that they can produce unique and competitive key products and can establish their own pillar industries. It is necessary to make continuous efforts to promote comprehensive agricultural development and the construction of basic farmland water conservancy projects and to do a good job in preventing soil erosion, protecting forestry and vegetation, and maintaining an ecological balance.

It is necessary to invigorate agriculture by applying scientific and technological advances and by promoting education. It is necessary to take increasing agricultural returns as the center and to make continuous efforts to improve the varieties of grain, cotton, and other major agricultural products; to promote high-yield and high-efficiency agriculture; and to popularize conventional fertilizer application technology. It is necessary to select and cultivate new and fine varieties of crops and special and fine breeds of domestic animals, aquatic products, and fruits. It is necessary to do a good job in organizing regional development, crop cultivation, agricultural meteorology, and to tackle difficult problems in science and technological research in the fields of natural disaster prevention, farm machinery, and agricultural and sideline product processing industries. It is necessary to continue to do a good job of training the people who are taking the lead in getting rich by applying science and technology in the rural areas. The province should mainly promote experiments on the comprehensive development of agriculture, science, and education in Jingshan, Gucheng, and Zhijiang counties and 38 townships and towns. All prefectures, cities, and counties must also conduct the same experiment level by level so that by the end of the Eighth Five-Year Plan there will be a science and technology demonstration village in every township, a science and technology demonstration household in every village, and a person who takes the lead in getting rich by science and technology in every household.

It is necessary to implement the preferential policies of the state and the provincial authorities on the development of township and town enterprises, increase input into these enterprises, and accelerate the pace of their development. Beginning this year, the provincial agricultural bank will provide an additional loan of 1 billion yuan each year, as well as another 1 billion yuan from recovered loans each year, for the development of township and town enterprises. The loan will increase yearly in the future, with a preferential interest rate. The provincial finance [committee] will offer 30 million yuan of circulation funds each year for the next five years to help develop village-run enterprises with

net incomes of less than 10,000 yuan. Taxes on new township and town enterprises will be reduced or remitted for one to three years. It is necessary to strengthen the management of various trades and to bring the development of township and town enterprises into line with the development plans of various trades. It is necessary to further deepen reform in township and town enterprises, to actively adopt the shareholding system, and to strengthen the internal management of these enterprises.

To prevent and fight floods is always a matter of prime importance for Hubei. We must attach great importance to it. All localities must organize people to repair and reinforce dangerous dikes, dams, and damaged reservoirs before the flood season arrives and to improve and repair irrigation facilities and projects which were damaged by past floods, so that the people can be safe in this year's flood season. The funds put into the construction of water conservancy projects this year are more than those in all of the previous years. All localities must manage and use them well. The supervision and audit departments must strengthen supervision. Those who have embezzled or misappropriated state funds earmarked for the construction of water conservancy projects should be severely punished.

It is necessary to continue to implement the various preferential policies of the state and the province on supporting the economic development of poor areas and to help the old revolutionary bases, poor mountain areas, and minority nationality areas to develop their economies. Great efforts should be made to help them to solve the problem of having adequate food and clothing, to establish regional pillar industries, and to develop exploitable agriculture. It is necessary to mobilize social forces to help the poor areas so that they can expedite their pace in shaking off poverty and becoming wealthy.

**2. To strive for faster growth in industrial production on the premise of increasing economic returns.** The problem of low economic returns is the main problem affecting our provincial economic development and the development of various social undertakings. It is necessary to bring all economic work into line with the target of increasing economic returns and to strive to achieve notably better economic returns and a benign cycle for the provincial economy in three years or so. According to plan, the total industrial output value of the province will increase by 7 percent this year. In the areas where conditions allow, the speed may be even faster. It is necessary to develop all competitive and marketable products as soon as possible.

It is necessary to vigorously readjust the internal structure of industry and, with the readjustment of the product mix taking the lead, to actively develop new products by producing more marketable, fine-quality, and brand name products so that organizational and structural readjustments in enterprises and readjustment of the industrial structure can be promoted and so that a number of highly competitive and superior industries with local characteristics can be gradually developed. It is required that the province should develop more than 3,500 new products this year; the provincial authorities will mainly grasp the development of 100 major new products. We must make up our

minds to restrict production of overstocked and unmarketable products; those enterprises, which have surplus productivity but have been producing overstocked products and suffering losses for a long time and which are technologically backward, should be resolutely closed down, should have their production suspended, should be merged with other enterprises, or should be switched to other product lines.

It is necessary to further promote technological transformation in enterprises. The state has allocated 3.3 billion yuan for our province's technological transformation this year. In the course of technological transformation, we must allow all localities to use more funds to conduct this work, as long as what they do conforms to the industrial policy and they have the funds to do it. It is necessary to implement the principle of making unified planning and stressing main tasks and to simultaneously promote technological development, imports, and transformation. It is necessary to make economic and technological developments a "coordinated process;" to promote the transformation of 50 large and medium state-owned enterprises and a number of "small giant" enterprises mainly producing commonly used products, components, and spare parts and devices; to implement the development plans on major new products; and to accelerate the pace of technological transformation in some traditional industries, including the machinery, metallurgical, textile, construction materials, and food industries. It is necessary to find more channels for raising funds and to adopt various measures, such as issuing bonds and shares and making use of foreign funds, to obtain more funds for technological transformation and to satisfy the needs of major technological transformation projects so that better returns can be achieved from the investment in technological transformation.

It is necessary to take firm measures to promote the work of making up deficits and increasing surpluses. It is necessary to continue to implement the responsibility system aimed at making up deficits and increasing surpluses and to assign concrete tasks to all localities, trades, and enterprises. The provincial government has decided that the prefectures, cities, trades, and enterprises, which have fulfilled the task of making up deficits and increasing surpluses by the end of the year will be awarded, and punishments, such as reducing wages and bonuses, will be given to those which do not. Directors of enterprises that suffer losses for a long period of time will be dismissed from their posts. It is necessary to continue to do a good job in breaking the "debt chains" and to make great efforts to reduce the amount of the "three funds" [san xiang zi jin 0005 7309 6327 6855] in possession, so that the utility rate of funds can be increased.

It is necessary to make great efforts to improve the quality of products. It is necessary to continue to conduct the "quality, variety, and efficiency year" activities, to actively popularize the experience of the Wuhan Iron and Steel Complex and the No. 2 Automobile Factory in taking a road of development with high quality and efficiency, and to do a good job in improving various managements of and work quality at the basic level of enterprises. It is necessary to further strengthen quality control. While producing good

quality products, it is also necessary to take resolute measures to punish and stop the production of false, inferior, and fake products. A yellow card warning should be given to those enterprises whose products are twice proved to be inferior in quality, and a deadline should be set for them to cease production for rectification.

**3. To vigorously readjust the structure of investment in fixed assets, accelerate the pace of construction of major projects, and endeavor to increase investment returns.** On the premise of maintaining overall balance and finding more financial sources for construction, it is necessary to actively conduct a readjustment of the investment structure—in accordance with the requirements for consolidating and improving primary industry, optimizing secondary industry, and vigorously developing tertiary industry and in accordance with industrial policy—so that there can be a steady growth in investment in capital construction. The fact that tertiary industry has lagged behind is a serious problem hindering the harmonious development of our provincial economy. Therefore, it is necessary to vigorously develop the businesses and trades which serve production and the people's standard of living, such as finance, materials supply, commerce, tourism, information, and real estate. It is necessary to continue to levy the investment orientation regulatory tax, strengthen guidance and management for the newly started projects, and reduce irrational and duplicate projects. According to plan, the province will develop 33 key projects this year, including eight key projects of the state and 25 provincial projects. The main projects are: The Geheyan hydropower station, the Huangmailing and the Dayukou mining and fertilizer projects, the Yangluo and Ezhou power plant, the Yi-Huang highway, the Wuhan and Huangshi highway bridge, the Tianhe airport, and the Xujiaping airport. All departments involved in the construction of these projects should take the overall situation into consideration and make concerted efforts to ensure that the key projects will be completed according to schedule with high quality and high efficiency.

It is necessary to actively support the construction of the Three Gorges Project. The construction of the project, which attracts worldwide attention and which the people throughout the country have desired for a long time, will start very soon. It will play a gigantic propellant role in accelerating China's modernization drive and invigorating our provincial economy. "The Three Gorges Project is situated in Hubei, and I will do my bit for its construction." This is the common aspiration of people throughout the province. We must actively and enthusiastically perform our duties in the construction of this project and go all out to do a good job in the rear service, just as we did in the past in supporting the construction of the Wuhan Iron and Steel Complex, the No. 2 Automobile Factory, the Gezhouba Dam, and other national key projects. At the same time, we must make overall plans to develop a number of project-related industries for its construction. At present, we must mainly do a good job in conducting migration experiments and in expediting the construction of highways, communication lines, and various service facilities, so that good conditions can be created for the construction.

**4. To do financial and monetary work well and endeavor to raise and flexibly use funds.** In financial work, we must pay serious attention to increasing revenues and retrenching expenditures and must work hard to maintain an overall balance between revenues and expenditures. We must further do a good job in the construction of financial resources, especially nongovernmental resources and those from townships and towns, and help large and medium state-owned enterprises increase their economic returns. We must collect taxes according to the law and strengthen the levy and management of taxes, especially the levy and management of taxes for collective and private enterprises and individuals. We must take resolute measures to rectify and curb tax evasion and to ensure the fulfillment of tax revenue tasks. Management of the state-owned assets should be strengthened and the returns from assets operations should be increased so that the value of the state-owned assets can be preserved and increased. Governments at all levels should impose hard restrictions on the above-the-line expenditures this year to meet the requirements of the compound budget [fu shi yu suan 1788 1709 7315 4615] and to maintain a balance between revenues and expenditures. When making a constructive budget, they must act according to their capability and keep expenditures within the limits of income. The concept of leading an austere life should be firmly established at all levels. We must encourage people to struggle hard and to run all businesses industriously and thriftily. We must resolutely oppose extravagance and waste and exercise strict control over expenditures.

In the monetary field, it is necessary to implement the credit policy of "controlling the total amount and increasing returns" and to gradually establish and perfect the mechanism for a benign cycle in "borrowing, using, and returning" funds in order to satisfy the reasonable demand of economic development for funds. It is necessary to enliven rural credit cooperatives and expand the credit business in the rural areas. Great efforts should be made to increase savings deposits and strive to reach this year's target of an increase of 130 yuan in each person's deposits. Construction funds can be raised through various channels, such as issuing enterprise bonds and shares and introducing foreign funds, and efforts should be made to readjust the credit structure. Preferential measures should be adopted toward large and medium state-owned enterprises, key construction projects, and technological transformation projects.

**5. To vigorously promote science and technological progress, develop education, and increase the overall quality of the national economy.** It is necessary to mainly do a good job in applying the 500 advanced and mature science and technological achievements, with increasing economic returns as the center, and strive to achieve the target of applying more than 80 percent of the science and technological achievements registered by the provincial authorities above the departmental level. It is necessary to continue to implement the "spark program," the "prairie fire program," and the "harvest program" and combine them in an organic way so that their comprehensive returns can be brought into play. It is necessary to mobilize and organize science and technological personnel to go and work in factories and the countryside in a planned way, strengthen concrete guidance

in popularizing technologies, and implement the contract system in providing technological services. It is necessary to use the market mechanism to the fullest and to promote various forms of technology trade so that there can be more channels for turning science and technological achievements into productive forces. It is necessary to effectively do a good job in the study of 290 difficult science and technological problems so as to provide advanced and applicable science and technology for economic development.

It is necessary to accelerate the pace of high and new technological development. The main task is to conduct 20 projects of the "torch program" and make a breakthrough in some major spheres, such as integration of mechanical and electrical production, optical fiber technology, laser technology, and biotechnology. Efforts should be made to develop some new and high technological products and industries and accelerate the pace of popularizing new and high technologies in traditional industries. It is necessary to successfully run the Donghu new and high technological industrial development zone in Wuhan and encourage all localities and enterprises, where conditions allow, to develop high and new technological industries and products.

Education is the basis for promoting science and technological progress and increasing the quality of the laborers. It is necessary to create essential working and living conditions for intellectuals and to encourage them to go to the forefront of economic construction, so that they may give better play to their wisdom and talents. It is necessary to effectively implement the relevant policies on enlivening scientific research organs and on scientific research personnel in order to further adopt effective measures to award intellectuals who have made outstanding contributions. The science and technological personnel should be allowed to legally engage in a second profession, provided that they fulfill the tasks of their own jobs. Activities, such as the "Sunday engineers," should be encouraged. It is necessary to vigorously publicize the advanced deeds of outstanding intellectuals and to cultivate a good social atmosphere of respecting knowledge and talent.

**Fellow Deputies:** The fundamental purpose of our economic development is to continuously improve the people's material and cultural standards of living. This year, our province will appropriately increase the wages and bonuses for the senior workers of administrative units and institutions, increase the special allowances for the intellectuals who have made outstanding contributions, and increase the wages of enterprise workers on the premise that their economic returns are increased. The peasants' income will also be increased by developing the rural economy and appropriately increasing the purchase price of grain. At the same time, more residential houses will be built in cities and towns, water conservancy will be improved in rural areas, and the people's living conditions will be improved.

Family planning, the rational use of land, and environmental protection are the basic national policies of our country. In recent years, our province's birth rate has been higher than the national average. The task of family planning is very heavy. It is necessary to effectively strengthen leadership; continue to conduct target management; and

conscientiously implement the policies, laws, and regulations on population control, with stress put on the management of family planning for the floating population in both rural and urban areas. Resolute measures should be taken to control population growth to below the target set by the state. It is necessary to do a good job in land development, so that the land can be rationally used and the land resources can be protected. It is necessary to strengthen environmental supervision and management and to promote the harmonious development of environmental protection and economic construction.

### III. Seize Current Opportunity To Accelerate Pace of Reform and Opening Up

Reform and opening up form a powerful motive force for propelling economic and social development. Revolution means to emancipate the productive forces, and so does reform. In the 1990's, the fundamental method to push Hubei's economy onto a new stage and gradually narrow the gap between Hubei and the developed coastal areas is to accelerate the pace of reform and opening up. At present, a new trend has appeared in China's opening up, that is, it is developing from the coastal areas to the hinterland, especially to the areas along borders and rivers. The fact that the development of Pudong will be accelerated and the construction of the Three Gorges Project will be started provides our province with an good opportunity, which has never been seen before, for economic development in the 1990's. We must seize this opportunity, further emancipate our minds, boldly blaze new trails, and take a bigger step forward in reform and opening up. The key to expediting reform and opening up is to emancipate the mind. We must be alert for right tendencies, but mainly, we must guard against "left" tendencies. Leaders at all levels must overcome the ideas of being satisfied with the existing state of affairs, of being resigned to the middling state, and of being afraid of dangers. They must fully respect and support the pioneering spirit of the masses and must conduct their work in a creative way and with regard to their local conditions. 1. To deepen reform and inject new vigor and vitality into economic development.

The basic idea for our province's reform this year is: To give priority to changing the operating mechanisms of enterprises, especially in successfully running large and medium state-owned enterprises, and to push enterprises onto the market systematically. With this as the center, it is necessary to accelerate the pace of reform of the circulation structure; to cultivate all kinds of markets; to actively push forward the reforms of the housing, social insurance, and medical systems; to change government functions; and to strengthen macroeconomic regulation and control. At the same time, it is necessary to make continuous efforts to deepen rural reforms.

**First, to deepen enterprise reform, change their operating mechanisms and strengthen their vitality, especially the large and medium state-owned enterprises.** The purpose of changing the operating mechanisms of enterprises is to push the enterprises onto the market so that they can gradually become producers and managers of socialist commodities

who are able to conduct independent operations, to assume sole responsibility for their profits and losses, to achieve development independently, and to conduct self-restraint. We plan to basically realize the change in the operating mechanisms of enterprises over a period of three years or so. This year, we will strive to achieve a breakthrough in the internal reforms of 30 percent of the enterprises.

It is necessary to further harmonize relations between workers and enterprises by using the smashing of the "three irons" as a breakthrough. It is necessary to conscientiously implement the "Enterprise Law" and the policies and measures of the central and provincial authorities on successfully running large and medium-size enterprises and to make continuous efforts to improve the external environment of enterprises. At the same time, it is necessary to deepen internal reform of the enterprises. It is necessary to reform the enterprises' personnel system, break the "iron armchair," and establish a new mechanism for the cadres, which will prepare them to work at both the leadership or grass-roots level. It is necessary to actively introduce the "system of inviting and appointing" cadres in accordance with the principle of openness, equality, competition, and optimization so that outstanding cadres can be selected and appointed through competition and the differences between cadres and workers can really be eliminated. It is necessary to reform the labor and employment system, break the "iron ricebowl," and establish a mechanism of competition, according to which workers may be employed or dismissed. All workers should sign a labor contract with their enterprise, and only capable workers will be employed. After optimizing organization, the surplus laborers can be allocated through various means and in various ways, such as by developing tertiary industry, by having them stay in the enterprise and wait for an assignment, by providing them with professional training so that they can take some other posts, by retiring them on pension, by sending them to other factories, and by allowing them to find jobs for themselves. At the same time, the enterprises conducting experiments on reform of the labor and employment system should be allowed to have 1 percent of their workers reallocated by society. It is necessary to reform the internal distribution system of enterprises, break the "ironclad wages," and establish a mechanism for distribution according to work. On the premise that total wages are not increased, the enterprises may decide on the form of their internal distribution and on any increases or decreases of their workers' wages in light of their operation situation. Egalitarianism should be eradicated in accordance with the principle of distribution according to work, and the workers may receive different wages on different posts. The provincial government has already held a mobilization meeting on changing the operating mechanisms of enterprises and has selected 200 enterprises to serve as experimental points so that experiences can be accumulated for the comprehensive development of this work.

It is necessary to perfect the contract system, harmonize relations between the state and enterprises, and perfect and strengthen the mechanisms for enterprises to assume sole responsibility for profits and losses. Contracts should be strictly carried out. According to the policies and contracts,

all the profits that should be turned over to the state should be turned over to the state, and all those which should be retained by the enterprises should be retained. If an enterprise is unable to fulfill this task according to its contract, it should use its retained funds to compensate for this problem and reduce the workers' bonuses or even reduce their wages by a certain amount. The enterprises which are suffering losses for a long time and whose assets are lower than their liabilities should be closed down, merged with other enterprises, switched to other lines of production, or have their production suspended. Some may declare bankruptcy according to the law. In the enterprises where conditions allow, it is necessary to actively implement various forms of the contract system, including the all-personnel risk contract, assets contract, general contract on input and output, and the contract system which requires the payment of tax plus a percentage of profits to the state and the payment of tax before any retention of profit. It is necessary to continue to promote the experiments—in the Daye Iron and Steel Complex, the Hubei Iron and Steel Complex, the Hubei Provincial Auto Industrial Corporation, and the Provincial Chemical Plant—in learning from the experiences of the Capital Iron and Steel Complex, while implementing on a trial basis the general input and output contract system in medicine, automobile, gold, tobacco, communication, and other trades. It is necessary to actively adopt the shareholding system on a trial basis to promote the merger and association of enterprises and to establish enterprise groups. The shareholding system is an effective method for collecting construction funds, which is conducive to separating government administration from enterprise management and to changing the operating mechanisms of enterprises. This year, we will select a small number of good enterprises and put them into the stock markets of Shenzhen and Shanghai, with the approval of the state, and will strive for the state's approval to issue internal shares within a number of enterprises. At the same time, we will encourage legal persons to hold other legal persons' shares or buy shares from each other and the enterprise groups (corporations) whose conditions are good to boldly conduct experiments on the shareholding system aimed at introducing foreign funds and absorbing funds from other economic sectors, so that the enterprise groups can develop toward an orientation of intensive entities. The Hubei Textile Group, the Dongfeng Tire Group, and the Hubei Farm Machinery Group should be organized in accordance with the shareholding system. Large and medium-size enterprises may adopt the system of level-to-level accounting or practice "one factory, two systems," while restrictions on the operations of medium and small enterprises may be relaxed.

It is necessary to perfect the leadership structure of the enterprises, further give play to the role of party organizations as the political nucleus, implement and perfect the system of plant director assuming full responsibility, and rely on the working class wholeheartedly.

**Second, to vigorously promote reform of the circulation system and actively cultivate and develop the market.** The stagnant circulation and slow development of the market are the main problems restricting the development of our provincial economy. Reform of the circulation system is an

important reform which should be conducted simultaneously with the reform of the operating mechanisms of enterprises. This year, it is necessary to conduct reform aimed at the "four decontrols" [si fang kai 0934 2397 7030] in state-owned commercial departments and in supply and marketing cooperatives. In grain enterprises, it is necessary to adopt the method of separating management of policy operation [zheng ce xing jing ying 2398 4595 1840 4842 3602] from independent operation and to select different types of counties (cities) for conducting experiments on the comprehensive decontrol of the grain business. It is necessary to develop a number of raw material distribution and delivery centers to directly serve enterprises. The commercial and materials departments may organize and establish a certain number of enterprise groups and integrations. Continuous efforts should be made to promote industry-commerce and industry-trade combinations. The collective economy and the individual and private economy play an important role in developing tertiary industry and enlivening urban and rural markets. It is necessary to adopt more active measures to guide their development and encourage them to develop healthily. In light of the economic regions and commodity circulation, it is necessary to establish a number of provincial border trade markets in some better developed border towns. It is also necessary to establish some border trade windows for our province along the borders with northeast China, Xinjiang, Guangxi, and Inner Mongolia, so that Hubei's products can have more markets. A number of window enterprises should be set up outside the borders and abroad so as to expand the scale of foreign trade. It is necessary to vigorously cultivate and expedite the development of the markets for capital goods, funds, technology, information, labor, personnel, and other major productive elements; strengthen market laws and regulations and market supervision and management; and take resolute measures against the manufacture and sale of false and inferior commodities, so that the interests of the production enterprises and consumers can be effectively protected and so that a fair, unified, and perfect market system, which can be regulated and controlled, can gradually be established.

**Third, to deepen reform of the financial system and to strengthen the role of finance in regulating and controlling economic development.** It is necessary to give full play to the function of macroeconomic management of the people's banks and to use comprehensive financial means to regulate and control the total stock of money and maintain a comprehensive balance of funds. It is necessary to establish and perfect a self-restraint mechanism for professional banks in order to reduce administrative interference in credit loans. It is necessary to establish a system that appraises enterprise credits and risks for the banks' mortgage loans and that conducts control over the proportion between assets and liabilities. It is necessary to appropriately increase the provincial people's bank's abilities in regulation and control and to use 3 percent of the newly added deposits of various professional banks for the purpose of enhancing the ability of the provincial-level financial institutions to exercise financial regulation and control. The main purpose is to promote the technological progress

of enterprises and help them to develop new products. It is necessary to perfect, as soon as possible, the "three-in-one" [san wei yi ti 0005 0143 0001 7555] financial markets—including trade discount, securities issuance and transfer, and foreign exchange accommodation trades—throughout the province and to conscientiously do a good job in issuing unlisted shares. It is necessary to actively conduct financial and housing reform businesses and to establish, as soon as possible, our province's financial "windows" in Hong Kong and Macao so that more funds can be obtained for our province.

**Fourth, to accelerate the pace of reform of the housing, medical, and social insurance systems.** In reform of the housing system, it is necessary to follow the general demand of increasing rents, encouraging the purchase of houses, and raising construction funds through various channels to promote the commercialization and industrialization of residential houses. This year, housing reform in eight cities that are directly under the provincial authorities should be started, and the pace of reform in other prefectures, cities, and counties must also be accelerated. In reform of the medical system, it is necessary to adopt the method of sharing medical fees between the units in charge of public health service and individuals on the premise of ensuring medical service and reducing waste. In reform of the social insurance system, stress should be put on worker's old-age pensions, insurance for the workers who are awaiting jobs, and insurance against industrial injuries. It is necessary to gradually establish a social insurance system under which the state, enterprises, and individuals will share the premium.

**Fifth, to further deepen rural reforms.** While making continuous efforts to stabilize the contract responsibility system on a household basis with remuneration linked to output, the main job is to strengthen the construction of the collectivized service system in rural areas. It is necessary to establish a multieconomic sector; that is, multichannel, multiform, and multilayered service organizations in accordance with the requirement of "upgrading the county level, perfecting the township level, and strengthening the village level" [organizations to provide the peasants with comprehensive and coordinated services before, during, and after production]. "Service in a connected sequence" should be provided for the regional pillar industries in accordance with the demand for "promoting the integration of agriculture, industry, and commerce, and the integration of production, supply, and marketing." In establishing collectivized service systems, it is necessary to adhere to the principle of voluntariness and to concentrate on some matters that cannot be done or cannot be done well by individual peasant households, so that the superiority of the collective economy can be brought into play to the greatest possible extent. All service organizations must adhere to the idea of putting service in the first place and provide their services at the smallest profit, so that they can make things convenient for the peasants rather than vying with the peasants for profits. It is necessary to actively conduct comprehensive reforms at the county level and to gradually put most organizations, established by the relevant county departments at the township and town level, under the jurisdiction of the relevant townships and towns so that the

role of the organizations at the township and town level in conducting the management of the rural economy can be brought into better play.

**Sixth, to start with changing government functions in strengthening and improving macroeconomic regulation and control.** It is necessary to further harmonize relations between the government and enterprises and between the government's general departments and professional departments in accordance with the principle of separating government administration from enterprise management, and to actively establish a provincial level macroeconomic regulation and control mechanism and system. The departments in charge of comprehensive economic management must concentrate their efforts on improving overall control and promoting overall balance. It is necessary to strengthen the management of investment in accordance with industrial policy so that irrational duplications in construction and blind investment can be effectively avoided, structural readjustment can be promoted, and macroeconomic returns can be increased. The departments in charge of various trades should adhere to the principle of "guidance, coordination, supervision, and service" and conscientiously perform their functions as managing departments in various trades. It is necessary to further improve the methods of regulation and control; give full play to the roles of finance, credit, tax revenue, commodity price, and other economic levers in macroeconomic regulation and control; and gradually change the method of mainly conducting direct management into a method of mainly conducting indirect management. It is necessary to further reduce the proportion of mandatory planning and increase the range of market regulation. It is necessary to relax, in a planned manner, control of the prices of some products, which are in excessive supply or in basically sufficient supply and which are controlled by the provincial authorities. For some products under the double-track price system, if the gap between their prices within planned quotas and those exceeding planned quotas is narrowed, the two prices can be merged. It is necessary to adopt effective measures to strengthen the regulation and control ability at the provincial level and to give better play to the roles of the audit, statistics, and industrial and commercial departments in supervising economic movement.

2. To further emancipate the mind, relax policy, and open up a new situation in opening up to the outside world.

To expand the scale of opening up to the outside world is a strategic measure for accelerating Hubei's economic development. The people throughout the province should conscientiously overcome the "hinterland idea," strengthen their sense of emergency and sense of responsibility, broaden their vision, relax policies, and strive to open up a new situation in opening up to the outside world. **First, with Wuhan taking the lead and the Chang Jiang Economic Zone as the main line and seizing the opportune time to construct the Three Gorges Project, to speed up the development of the "two rivers" (the Han Jiang and the Qing Jiang) and the "two railways" (the Beijing-Guangzhou Railway and the Wuha-Chongqing Railway), expand the scale of opening up to the outside world in a comprehensive way, and endeavor to create a new situation in opening to both other domestic areas**

**and the outside world in all directions and at different levels, with the stress on some main projects.** In the development of the Chang Jiang Economic Zone, it is necessary to give priority to the opening and development of the Wuhan and east Hubei delta area in accordance with the demand for systematic development of section by section. Wuhan must make full use of the conditions created in this province for the opening up drive of the Wuhan port and expedite the pace of construction of the "two zones" (the Donghu high and new technological industrial zone and the Dunkou Limousine Industrial Development Zone) and "two ports" (the Wuhan port and the Tianhe Airport), so that its ability can be increased in opening up to both other domestic areas and the outside world and so its leading role can be brought into better play. Ezhou, Huangshi, and Huangzhou must mainly develop their specific export-oriented economies, with Wuhan as their example and backing. Yichang must seize the current opportune time for starting construction of the Three Gorges Project to promote its opening drive with development so that it may become a new strong point in the province's pattern of opening up. Thus, the development of the Jiangnan Plain will be accelerated, with the development of Pudong in the east and the construction of the Three Gorges Project in the west. The main tasks for the development and opening up of the "two rivers" and "two railways" are to give play to the superiority of the existing resources and industries; promote industrial development in Wuhan, Shiyan, Xiangfan, Xiaogan, and Jingmen, with the development of the auto and petrochemical industries as the center; develop export-oriented agriculture mainly on the Hanjiang Plain; and develop the hydropower resources of the Qing Jiang, so that a new situation characterized by the development of natural resources promoting the development of industry, which forms superiority in economic development.

**Second, to speed up the construction of various existing economic and technological development zones and successfully run the "windows" of opening up to the outside world.** It is necessary to further improve various preferential policies and to adopt methods that are similar to those for the special economic zones in the development zones, so that more foreign funds can be introduced. The Donghu high and new technological industrial development zone must make full use of the state's preferential policies and accelerate its pace of commercialization, industrialization, and internationalization of high and new technologies, so that it can be built into an export-oriented high technology base as soon as possible. The Gedian development zone must continue to follow the path of promoting development by building projects, achieve development by rolling ahead [gun dong fa zhan 3340 0520 4099 1455], expedite its pace of commercial development, and establish a number of export-oriented economic entities. The Yichang Dongshan, Xiaogan, and Huangzhou development zones and other experimental zones for reform and opening up must endeavor to blaze new trails with distinctive characteristics and make bigger steps forward in developing foreign trade and using foreign funds. While successfully running the

existing development zones, it is necessary to strive for the state's approval for establishing a bonded processing zone in Gedian.

**Third, to endeavor to improve the investment climate and to be bolder in absorbing and using foreign funds.** This year, we must strive to use more than \$300 million of foreign funds and establish 300 partially or wholly foreign-owned enterprises in our province. We must make up our minds to strengthen construction of energy, communication, telecommunications, and other basic facilities, mainly to speed up the construction of the Tianhe Airport, the Wuhan and Huangshi cross-Chang Jiang highway bridge, and the Yi-Huang highway, as well as 400,000 program-control telephone lines and 40,000 mobile telephone lines. Efforts will be made to open the Wuhan port to foreign ships within the year, and railway transportation between Wuchang and Fuzhou and between Yichang and Shanghai will also be opened. The province will also coordinate with the Ministry of Railways in devising a plan for the construction of the Hubei section of the Jing-Jiu railway. Taking the experiences of coastal areas as our reference, the province will further relax its policies on foreign investment, simplify its approval links and procedures, adopt a method of having a single department in charge of foreign affairs and providing service in a coordinated way, and increase work efficiency. While successfully running the existing partially or wholly foreign-owned enterprises, we must guide foreign funds to invest mainly in basic industries, high and new technological industries, technologically advanced enterprises, and export-oriented enterprises in accordance with the state's industrial policy. We must combine the use of foreign funds with the transformation of old industrial bases in an organic way and use as many old factories as possible to develop joint ventures or cooperative enterprises with foreign firms by "grafting." We must make a positive use of loans provided by foreign governments and international financial organizations to strengthen the construction of major projects.

**Fourth, to vigorously open up a pluralistic international market and expand foreign trade and exports.** It is necessary to further deepen reform of the foreign trade structure, perfect coordinated measures, improve the method of export management, and speed up implementation of the pluralistic export strategy. While consolidating and developing the existing export market, it is necessary to make great efforts to increase exports to eastern Europe, the CIS, southeast Asia, the Middle East, and South America, as well as South Korea, Taiwan, and other regions, and to open up international markets in all directions. With increasing product quality taking the lead, it is necessary to optimize export structure and to increase the competitiveness of our export products. It is also necessary to promote the combination of trade with manufacturing, agriculture, and technology and step up the organization and establishment of a number of enterprise groups and economic associations which combine trade with manufacturing, agriculture, and the introduction of advanced technology, so that our export strength can be enhanced. It is necessary to simplify approval procedures for businessmen and personnel of the three kinds of partially or wholly foreign-owned enterprises

who apply for going abroad. Foreign trade departments and export-related enterprises must change their mechanisms, improve their operation and management, and enhance their internal vitality around the focus of increasing exports and economic returns. They must actively promote foreign economic and technological cooperation and labor export, open up more overseas markets, and give impetus to exports.

**Fifth, to give full play to the superiorities of the departments in charge of foreign affairs or foreign nationals, which have more channels to and connections with the outside world and quicker access to information, to strengthen the joined forces of Hubei in opening up to the outside world.** The departments in charge of foreign affairs must do a good job in receiving foreign guests, promoting nongovernmental friendship and relations between friendly cities, and vigorously conducting economic diplomacy. The offices in charge of Overseas Chinese affairs and Taiwan affairs, the industrial and commercial federations, and nongovernmental organizations for promoting foreign relations must strengthen propaganda to the outside world and expand Hubei's influence abroad so that our province's foreign exchange and cooperation in the economic, technological, educational, and cultural fields can be promoted. While conducting the activity of Visit China 1992, the tourist departments must make great efforts to develop new tourist resources and find more visitors so that they can better serve economic construction and opening up.

#### **IV. Strengthen Building of Socialist Spiritual Civilization and Construction of Democratic Legal System**

To strengthen the building of a socialist spiritual civilization and the construction of a democratic legal system is an essential demand of building socialism with distinctive Chinese characteristics and a great motive force in propelling the building of material civilization. Governments at all levels must firmly and unswervingly implement the policy of promoting the simultaneous building of the "two civilizations"; must continue to maintain social stability; must consolidate and develop the political situation of stability and unity; and must endeavor to achieve a new progress in the building of a spiritual civilization, the construction of a democratic legal system, and the development of various social undertakings in the new year.

It is necessary to do a good job in ideological and cultural work to promote the building of a socialist spiritual civilization. It is necessary to conduct profound and lasting education on the party's basic line, patriotism, and collectivism and on the basic national situation and provincial situation among the vast number of cadres and masses, especially the young people, and to closely combine this education with the realities of reform and construction. It is necessary to further strengthen the confidence of the people throughout the province in taking the socialist road with distinctive Chinese characteristics. It is necessary to continue to conduct education in social ethics and vocational morality and to extensively conduct the activity of fostering new habits and building up civilized units in various trades, so that the building of a spiritual civilization in the cities and the countryside can be increased to a new level. It is

necessary to combine socialist ideological education in the rural areas with reform and construction in order to promote rural economic development. It is necessary to make cultural undertakings continue to serve reform, opening up, and economic construction. It is necessary to further implement the "double-hundred" [letting a hundred flowers blossom and a hundred schools of thought contend] policy, continue to conduct the "antipornography" struggle, make literary creation flourish, and enrich and enliven the cultural life of the masses. Journalism, publication, broadcast, and movie and television departments must implement the policy of "unity, stability, and enthusiasm;" continue to mainly conduct positive propaganda; strengthen propaganda and reports on economic construction, reform, and opening up; and endeavor to create a good media environment. The social sciences circles must strengthen the study of practical problems and serve reform and construction. In public health, it is necessary to continue to implement the policy of "putting prevention first and combining prevention with treatment," strengthen prevention of snail fever and other local diseases, do a good job in rural health and medical work, and improve and develop the cooperative medical and health care system. The main task for this year's sports work is to successfully run the fourth national games for university students and the second national peasants' sports meet, to perform our duties well as host of these national games, and to strive for better achievements. It is necessary to actively promote reform in government organs in accordance with the principle of separating government administration from enterprise management. At present, as the problems—such as overstaffed organizations, confused responsibility and functions, and low efficiency—are still very serious in government organizations, it is necessary to conduct reform. This year, it is necessary to draft plans for streamlining government organizations at all levels and for establishing the public service system, on the basis of conducting thoroughgoing investigation and study and in accordance with the principles of separating government administration from enterprise management, of changing functions, and of increasing efficiency and on the principle of better troops and simpler administration, so that conditions will be created for next year's structural reform throughout the province. The provincial authorities will select some counties and cities to conduct experiments on the reform of government organizations and will dismiss or merge some overlapping administrative organizations directly under the provincial government.

It is necessary to strengthen construction of the socialist democratic legal system. Governments at all levels must conscientiously accept the supervision of the people's congresses and their standing committees and must give full play to the roles of the CPPCC committees, democratic parties, nonparty patriotic personages, and industrial and commercial federations in political consultation and democratic supervision. It is necessary to make continuous efforts to strengthen democratic political construction at the grass-roots level; enliven grass-roots democratic life in the cities and countryside; give full play to the roles of consultative and policy-making organs, trade unions, the Chinese Youth

League organizations, women's federations, science associations, and other mass organizations; and make policy decision more scientific and democratic. It is necessary to further strengthen the construction of the legal system, firmly grasp the formulation of economic laws and regulations and administrative rules and regulations, improve administrative and law enforcement supervisory mechanisms, and do a good job in the work of administrative reconsideration [xing zheng fu yi 5887 2398 1788 6231]. There should be laws to abide by in various aspects of political, economic, and social life. As long as there are laws, they should be observed and should be enforced strictly. All lawbreaking practices should be investigated and punished.

It is necessary to do a good job in the comprehensive improvement of the social order to create a stable social environment for reform and construction. It is necessary to deal heavy blows at criminal activities such as murder, robbery, railway and highway crimes, hooliganism, and larceny. It is necessary to take resolute measures to check and ban disgusting phenomena such as prostitution, abduction of women and children, and gambling. It is necessary to heavily and promptly punish criminal offenders, who have seriously jeopardized public security, according to the law. It is necessary to continue to adhere to the policy of simultaneously dealing heavy blows and taking preventive measures and to the policy of effecting a permanent cure while bringing a temporary solution of the problems. It is necessary to perfect the system of comprehensive improvement of the social order and to strengthen basic work in this respect. It is necessary to actively prevent and stop a small number of people from sabotaging reforms, eliminate the factors of instability, and protect and escort reform and opening up.

It is necessary to conduct thoroughgoing activities for supporting the army and cherishing the people and for supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs, and to strengthen army-civilian and police-civilian unity. The People's Liberation Army [PLA], the armed police, and the public security cadres and police are the strong pillar of the proletarian dictatorship. We must support and show concern for the army building as we did before and help the Army to solve practical problems. It is necessary to strengthen the building of the armed police and public security contingent and to improve the quality of their equipment and personnel. It is necessary to effectively strengthen education on national defense and build up reserve forces for national defense; continue to conduct activities of servicemen and civilians and policemen and civilians making common efforts [to build civilized villages, units, etc.]; and give better play to the important role of the PLA, the armed police, the public security cadres and police, and the vast numbers of militiamen in stabilizing society and in the modernization drive.

#### **V. Change Style, Strengthen Building of Clean and Industrious Government, and Firmly Grasp Implementation in Various Work**

Our province will make a bigger step forward in reform and opening up and will speed up development of economic

construction this year. We are faced with heavy and arduous tasks. Governments at all levels and all departments should regard reform and opening up as their own duties, serve economic construction, conscientiously improve their work style, and build a clean and industrious government to ensure the fulfillment of various work. The question of clean government is a matter concerning the destiny of our party and state. We must attach great importance to it. We must conduct profound and lasting struggles against corruption; strictly check and punish corrupt performances, such as taking advantage of power to seek private gains, graft, and bribery; handle the major problems which most disgust the masses; and continuously rectify the "three indiscriminates" and other unhealthy practices in various trades. Leaders at all levels must set a good example for others, set high demands on themselves, and take the lead in building a clean and industrious government. This year, we must make up our minds to mainly solve the following problems: First, to reduce the peasants' burdens and regard it as a big event in doing solid work for the masses and in strengthening agricultural and rural work. The peasants' burdens should be reduced to a reasonable range. We will conduct an examination throughout the province this year to abolish all unnecessary burdens and charges on the peasants, which do not conform to national and provincial regulations, and return them to the peasants. The overstaffed township and town organs should be streamlined and personnel receiving government subsidies in villages should be reduced. No mandatory insurance or services are allowed. In the future, without the approval of the provincial government, no localities or units are allowed to devise measures to increase the peasants' burdens. The main leaders who do this will be investigated and given responsibility for it. At the same time, it is necessary to resolutely stop the practice of imposing the apportion of expenses or sponsorship on enterprises. Second, all highway checkup stations and points will be dismissed except for the security checkpoints and the timber checkpoints in forest areas. No one is allowed to force others to accept a car wash, so there can be open road ahead everywhere across the vast land of the province and conditions can be created for the unimpeded circulation of commodities and for establishing a unified open market. The provincial government has already made a decision on these two points, with the hope that people throughout the province will supervise its implementation. Third, it is necessary to thoroughly check the practice of wearing uniforms without authorization. All those who have dressed in uniforms in violation of state regulations or have increased the number of personnel dressed in uniform without authorization should take off their uniforms, all those who have raised the standard of their uniforms without authorization should pay for all additional expenses by themselves, and those who disobey orders and refuse to do so should be seriously handled. Fourth, it is necessary to take resolute measures to curb the practices of eating and drinking at public expense and sending gifts to curry favor with others. Areas and units, in which the above-mentioned practices are serious, should have their administrative funds and the wages of their leaders reduced, and a careful audit should be conducted in these places. Bribery cases, such as receiving or offering purchase coupons in lieu of cash, should be handled

seriously. It is necessary to strengthen supervision, audit supervision, and media and mass supervision; encourage the masses to inform against criminal offenses; and resolutely stop the practice of retaliation. It is necessary to openly handle a number of typical cases which have caused very bad effects among the masses. It is necessary to continue to screen and consolidate newspapers and magazines. The publications of all departments, except for party and government organs, should be greatly reduced. No department is allowed to use administrative measures to force grass-roots units and masses to subscribe to magazines. Moreover, all localities and departments must strive to make greater achievements in conscientiously rectifying major problems in their work style.

Reform is a great cause which has never been done before. To promote reform and construction, it is necessary to adhere to the ideological and work style of seeking truth from facts and doing solid work, resolutely oppose formalism, and firmly grasp implementation in various fields. All reform measures and methods, which are conducive to developing productive forces, increasing our comprehensive national strength, and improving the people's standard of living, should be tried and adopted boldly. If they are proven to be correct, they should be adopted; if wrong, they should be corrected. Of course, when making major policy decisions, it is necessary to take scientific methods and follow the mass line to the fullest, so that mistakes, especially big mistakes, can be avoided. However, we should never stop reform and opening up for fear of making mistakes. We must take boosting enthusiasm, doing solid work, seeking substantial results, and grasping implementation as the main tasks in improving our work style and must strive to achieve substantial results in these respects. Governments and departments at all levels must further perfect their work responsibility system and must conduct effective management over some major economic targets so that leading cadres may have a higher sense of responsibility instead of performing as a "peace and ease official." All departments must conscientiously overcome bureaucratism and selfish departmentalism; take the overall situation into consideration; strengthen coordination; and wholeheartedly serve economic construction, the grass roots, and the masses. Leaders at all levels must be the first to go down to the grass-roots units and immerse themselves in the masses, to strengthen investigation, and to study and sum up fresh experiences and improve their way of thinking, so that they can guide and promote work in all fields. We must resolutely oppose formalism and must do more work with less empty talk. We must greatly reduce documents, meetings, and social intercourse and prevent unnecessary examinations and appraisals, so that we can concentrate on concrete work.

Fellow Deputies: The people of Hubei are people with a glorious revolutionary tradition and great creativity. There are rich natural resources and talents on the vast land of Hubei. In the past years, we have made great contributions to the founding of New China and the cause of socialist construction. Facts prove that we have a good conscience on this land. Today, in the time of further reform and opening up, we will surely be able to fulfill the heavy tasks of vitalizing Hubei's economy and bringing wealth to the

people of our province. Let us closely rally around the party Central Committee with Comrade Jiang Zemin as the nucleus and, under the leadership of the provincial party committee, continue to implement the party's basic line in a comprehensive way, firmly grasp the center of economic construction, continue to conduct reform and open to the outside world, quietly immerse ourselves in hard work, work in a down-to-earth manner, seek truth, and do a solid job to greet the convening of the 14th CPC National Congress with our outstanding achievements!

### Inner Mongolia Government Work Report

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[Government work report delivered by Bu He, chairman of the Inner Mongolia Autonomous Region, at the fifth session of the seventh autonomous regional People's Congress on 20 April]

[Text] Fellow deputies:

On behalf of the autonomous regional people's government, I deliver the government work report to the current session for examination and discussion and also invite members of the regional committee of the Chinese People's Political Consultative Conference [CPPCC] to offer opinions.

#### 1. The Review of 1991 Work

Nineteen ninety-one was the first year of the Eighth Five-Year Plan. During that year, under the leadership of the party Central Committee, the State Council, and the regional party committee, the regional People's Government firmly persisted in the party's basic line and depended on the concerted efforts of the people of all nationalities in the region to successfully accomplish the major tasks for the 1991 national economic and social development. In 1991 the region's GNP reached 32.287 billion yuan (calculated in terms of the 1990 constant prices, the same below), up 7.5 percent over 1990 (calculated in terms of comparable prices, the same below); the national income, 26.206 billion yuan, up 6.4 percent; and the total product of society, 61.415 billion yuan, up 8.1 percent. This indicated a good beginning for implementing the Eighth Five-Year Plan.

Agricultural and livestock production continued to develop steadily. Government at all levels strengthened leadership over the in-depth reform by putting agriculture and animal husbandry in the most important position. On the basis of stabilizing and perfecting the responsibility system in agriculture and animal husbandry, with the household output-related contract system as the major form, governments at all levels focused their work on establishing and perfecting the socialized comprehensive service system for agriculture and animal husbandry and made new progress; made great efforts in building the infrastructure of agriculture and animal husbandry; and made three breakthroughs in building the basic facilities of farmland, grassland, and pastureland, particularly water conservancy facilities. These three breakthroughs were: topping 20 million mu in the fields whose irrigation was guaranteed, topping 5 million mu in the land whose soil erosion was put under control, and topping 200 million yuan in the funds raised by

peasants themselves for building water conservancy facilities. Thanks to the attention from top to bottom and the effective measures, the region still reaped bumper harvests in agriculture and animal husbandry although some localities were afflicted by natural calamities of varying degrees. In 1991 the total grain output of the region was 9.585 billion kg, the second-best harvest in history; output of oil-bearing seeds was 718 million kg, up 3.45 percent over 1990; output of beets was 3.028 billion kg, up 28.1 percent over 1990; the total number of domestic animals at the end of 1991 was 55.681 million head, up 4.9 percent over the end of 1990; the total agricultural output value was 17.19 billion yuan, up 3.98 percent over 1990 in which the increase margin was relatively high; and the afforested land reached 5.03 million mu, up 12.5 percent. Township and town enterprises developed rapidly, with their total output value reaching 7.03 billion yuan, up 25 percent.

The good trend of overall picking up emerged in industrial production and capital construction. Focusing on improving efficiency, industrial production departments further deepened reform, promoted technological progress, and accelerated the readjustment of product mix. To further invigorate large and medium-sized state-run enterprises, the regional People's Government formulated a series of policies and regulations and adopted some new measures to emphatically invigorate key influential enterprises. Along with the gradual implementation of various policies and measures, industrial production increased steadily. The regional total industrial output value reached 30.992 billion yuan, up 8.1 percent over 1990. Good results were achieved in launching the year's activity of "stressing quality, variety, and efficiency." Of the region's 94 key assessed products, output of 46 products, including raw coal, crude oil, electricity, pig iron, steel, and finished steel products, showed increases over 1990 at varying degrees, and 49 products had their annual targets overfulfilled. Investment in fixed assets grew substantially, and the investment pattern was further improved. Fixed asset investment in the year totaled 10.066 billion yuan, up 42.4 percent from the preceding year. Of the total, the investment made by state units in capital construction was 5.976 billion yuan, up 50.5 percent. In the investment in capital construction, the investment in the energy industry rose by 34.2 percent, and that in the major raw material industry by 35.8 percent. Local investment in the capital construction for agriculture, animal husbandry, forestry, and water conservancy totaled 164 million yuan, up 45.1 percent. State and autonomous regional key construction projects proceeded fairly rapidly. In the eastern and western sections of the Jining-Tongliao Railway, 403 km of tracks were laid, thus smoothly accomplishing the first-phase track-laying plan. The general investment plan for the Fengzhen-Jungar Railway was fulfilled by 50 percent ahead of schedule. A total of 200 million yuan was invested in building the basic facilities for highways to build 1,034 km of roadbeds. The Hohhot Oil Refinery, Dongsheng Coal Field, Jungar coal, electricity, and road comprehensive construction project, Fengzhen Power Plant, Neimenggu Chemical Fertilizer Plant, Dalad Power Plant, Jilantai Soda Plant, and other key projects were being built according to plan.

Breakthroughs were achieved in opening to the outside world. Despite the complicated and changing international situation and the intense competition in the world market, foreign economic relations and trade developed substantially thanks to the efforts to deepen the reform of the foreign trade system, implement the preferential regulations for attracting foreign capital, adjust the export product mix, improve the quality and reputation of our products, and establish new border trade ports and cargo delivery spots. Last year, Inner Mongolia successfully held its first regional Nadam Fair, organized the Inner Mongolia trade fair and the grassland tourist festival, and held a series of exhibitions, made sales, and held economic and trade talks during the cultural and sports activities. More than 4,000 businessmen and well-known personages from more than 50 countries and regions participated in these activities. The volume of domestic trade totaled 2.5 billion yuan; the volume of imports and exports \$133 million, of which the export volume was \$93.9 million; 86 contracts for foreign economic and technological cooperation were signed to bring in \$63.97 million of foreign capital; and 383 contracts worth 670 million yuan for domestic economic and technological cooperation were signed. The Nadam Fair marked a bold exploration to make our region more known at home and abroad, expand the channels for opening to the outside world, and develop lateral economic ties, and notable achievements were won. The region's volume of imports and exports totaled \$600 million last year, up 23.91 percent from the preceding year. Of the total, the volume of exports came to \$419 million, up 28.9 percent; and that of imports \$181 million, up 13.1 percent; and the volume of exports for border trade was \$116 million, up 63.4 percent. All these three figures were an all-time high. In expanding foreign economic and technological cooperation, the autonomous region set forth clear-cut quantitative targets, and all localities also drew up corresponding plans. The region signed 78 contracts worth \$1.23 billion for using foreign capital, and the number of new Chinese-foreign joint ventures and exclusively foreign-funded enterprises exceeded the total number of the original three types of foreign-funded enterprises. A fairly great step was also taken in developing lateral economic ties. A total of 380 million yuan of funds were brought in and put in place, and materials worth 300 million yuan were shipped in or out of the region by coordinating departments throughout the region.

Fairly big strides were made in building the market system. To further invigorate circulation and to promote the development of commodity economy, the autonomous region put forward an overall plan of actively cultivating and establishing the socialist market system and specific demands, promoted the establishment of all types of markets, particularly country fairs, and achieved new progress in circulation work. In 1991 the whole region established 115 country fairs and expanded and renovated 94 country fairs, covering a total floor space of 490,000 square meters, with a total investment of 58.83 million yuan, which was equivalent to 52 percent of the total investment in the construction of country fairs throughout the region during the 1978-90 period. Along with economic development, the promulgation of measures for promoting sales, the acceleration of the

pace of market building, a good trend of amply commodity supply, brisk markets, and a comprehensive upturn in marketing was seen. The whole region's retail sales of commodities totalled 16.317 billion yuan, up 11.6 percent over the previous year. Market prices were kept stable. The overall retail price level during the year rose by 4.5 percent, thus being controlled within the scheduled target.

New achievements were made in financial and banking work. The regional government conscientiously implemented all sorts of measures for increasing revenues and reducing expenditures, guaranteed a steady increase in financial revenue under a fairly difficult situation, and succeeded in striking a balance in revenues and expenditures. The financial revenues during the year actually reached 3.54 billion yuan (excluding the special revenue from power construction funds and social insurance funds, similarly hereinafter), an increase of 7 percent if calculated in terms of comparable standards, overfulfilling the annual budgetary tasks; the completed financial expenditures reached 6.41 billion yuan, up 6.8 percent over the previous year, showing that the growth of revenue was greater than that of expenditure. New progress was made in cultivating and expanding the financial resources of banners and counties, and their financial self-sufficiency was further enhanced. Auditing work played an active role in safeguarding state financial and economic laws and regulations and strengthening the building of clean politics. Banking departments at all levels tried by all possible means to increase funds, to invigorate the use of funds in reserve, to strengthen management over credit plans, and to basically guarantee the needs of funds for economic construction in the whole region. By the end of the year, the total bank savings deposits of various types totaled 20.578 billion yuan, up 21.3 percent over the previous year-end figure; and the loans totaled 32.685 billion yuan, up 19.8 percent over the previous year-end figure. Noticeable results were made in clearing up "debt chains." The insurance departments at all levels actively broadened the business channels and intensified their insurance capacity. During the year the total income from insurance service reached 315 million yuan, up 32.9 percent over the previous year.

New progress was made in educational, scientific, technological, and all other social undertakings. New achievements were also seen in educational work. The whole region basically popularized elementary education and conscientiously implemented the nine-year compulsory education system in line with law. We also made new progress in education for minority people. The "vocational and technical education year" activities and the practical technical training for peasants and herdsmen also witnessed good results; 1.7 million peasants and herdsmen received practical technical training, of whom 520,000 people reached the standard of family-based technicians; and 300,000 people received the "green certificates." We also made new progress in eliminating illiteracy. About 80,000 peasants and herdsmen throughout the region participated in the anti-illiteracy study, 63,000 of whom became literate. We made new progress in ordinary higher education and adult higher education, and paid attention to the readjustment of educational structure and the establishment of specialized

courses. All levels and all kinds of schools universally strengthened their ideological and political work and improved their teaching conditions. The reform of the scientific and technological system was further deepened. Scientific research units engaging in technological development continued to implement the method of assuming responsibility for reducing the working funds at a progressive rate, strengthened their ability to develop themselves at varying degrees, and increased their enthusiasm in serving economic construction. The autonomous region took a new step in integrating scientific and technological work with economic construction and achieved good results in overcoming scientific and technological difficulties in the "torch plan" and "spark plan," and in the plan of popularizing scientific and technological results. It smoothly began construction of the rare-earth high-new technical development zone in Baotou city. The number of scientific and technological results and patented technologies increased. The autonomous region as a whole scored 397 scientific and technological results, of which, 151 won prizes and four major accomplishments won national level prizes. Governments at all levels continued to attach great importance on family planning work. Birth rate figures showed a 4.4 percentage points decrease over 1990 and its natural population growth was 9.8 per thousand. The departments of culture, public health, physical culture and sports, radio and television broadcasting, films, press and publication, civil affairs, and social security, scored obvious achievements in deepening reforms, enhancing the services, and strengthening the construction of grass-roots level units.

The people's livelihood was continuously improved. The per capital living income of urban areas was 1,177 yuan, a 12.1 percent increase over 1990. The per peasant net income was 652 yuan, a 1 percent increase over 1990. At the end of 1991, the volume of bank saving deposits made by both urban and rural areas was 14.241 billion yuan, a 26.2 percent increase over 1990. Urban areas scored astounding results in building infrastructures and consolidating their environment in a comprehensive way and built 3.61 million square meters of houses. Rural and pastoral areas built 7.28 million square meters of houses that surpassed the figure scored over the past five years. The region as a whole made job placement for 141,000 jobless personnel, an 18.5 percent increase over 1990. The economic construction in mountainous areas and the old revolutionary bases and the work of helping the poor achieved new progress.

The autonomous region scored new achievements in building the socialist spiritual civilization and the region as a whole deeply carried out the activities of socialist ideological education on upholding the party's basic line and by regarding the work of carrying forward patriotism and collectivism as important materials. It also conducted education on upholding the Marxist nationalities view, the policy of regional national autonomy, and on continuously enhancing the great unity of various nationalities. Thus, the people of various nationalities further enhanced their confidence in socialism and strengthened the new socialist nationalities relationship of equality, unity, friendship, and mutual assistance. The region as a whole further consolidated and developed the political situation of stability and

unity. The region also conducted ideological education among cadres at all levels with the main content of enhancing the sense of regarding economic construction as a center, of conducting reform and opening to the outside world, of rendering services, and of training talented personnel; and further enhanced the consciousness of cadres in concentrating their efforts on building modernizations. The region also further enhanced the work of consolidating public security in a comprehensive way; scored new achievements in the activities of dealing strict blows at serious crimes and the special struggle against obscene things, drugs, "six vices", and robbery; and maintained social stability. The People's Liberation Army [PLA] units stationed in the region and the region's armed police forces and forestry rangers achieved new development in building revolutionized, modernized, and regularized troops; and made new contributions in vigorously supporting local construction and mutually carrying out the activities of spiritual civilization. The national defense education conducted among the people was further enhanced and the construction of reserve forces for national defense achieved new development.

In order to improve the work style of leading organs, the autonomous regional people's government made 10 decisions and scored practical effects in curtailing excessive "documents" and "meetings" and improving government work style. There were more than 100,000 cadres across the region, who successively went deep into rural villages, pastoral areas, industrial and mining enterprises, and urban neighborhoods to carry out investigation and study; to help grass-roots level units deal with the practical problems; to further tighten the tie between the government and the masses and between the masses and cadres. Fairly good results were achieved in correcting the unhealthy trends in some trades, thus promoting the honest administration of government organs at all levels. Government legislative work was further strengthened, and the number of the local draft laws and regulations submitted to the autonomous regional people's congress Standing Committee for discussion and the administrative regulations published by the autonomous regional people's government totaled 22. The 401 suggestions put forward by people's deputies during the fourth session of the seventh autonomous regional people's congress and the 782 proposals put forward by CPPCC members during the fourth session of the sixth autonomous regional CPPCC committee were all handled by the autonomous regional government.

Deputies! Thanks to the hard work of the people throughout the region for three years in a row, the major tasks for the economic improvement and rectification were by and large completed, the total demand and total supply were by and large in balance, inflation was effectively controlled, and the economic order was notably improved, thus providing good social conditions for further deepening the reform in various fields. Last year, most state enterprises in the region signed the second-round contracts; measures to adjust grain and edible oil prices and to reduce the sales of the grain and edible oil sold at government prices were carried out smoothly; and the housing reform was accelerated in the region and 70 banners and counties began to conduct housing reform, with more than 3 million square meters of

public houses in the region sold out and 123 million yuan of funds collected by the end of last year. The reform of the two experimental zones of Hulun Buir League and Wuhai City was further deepened. A comprehensive reform experiment carried out in 15 banners and counties, whose major significance was to "streamline the higher levels, replenish the grass-roots levels, transform the functions, and strengthen service," was extended to a larger scale and yielded initial success.

In short, the region's economic and social development in 1991 was encouraging. All our achievements were the results of the concerted hard efforts of the people of various nationalities throughout the region, the great support and effective supervision of the autonomous regional people's deputies and people's congress Standing Committee, and the active coordination and participation of the CPPCC committee, democratic parties, mass organizations, and patriotic personages from various circles. Here, on behalf of the autonomous regional people's government, I will extend heartfelt gratitude to the workers, peasants and herdsmen, intellectuals, PLA commanders and soldiers, people's armed policemen, forestry rangers, and public security cadres and policemen who worked hard on all fronts and to people from various circles who showed concern for and supported our region's socialist modernization.

While affirming our achievements, we should also note the problems in our economic activities and social development, which we should not neglect: Economic efficiency was low and some enterprises still faced heavy tasks to reduce deficits; structural adjustment proceeded slowly and the irrational industrial composition, product mix, and enterprise organizational structure have yet to be fundamentally improved; a rather large number of state enterprises, especially large and medium-sized state enterprises, have yet to be invigorated, their technological progress was sluggish, and they lacked the strength for sustained development; establishment of the macroeconomic regulating and controlling system and the market system was still incompatible with the developmental need of the planned commodity economy; the circulation of farm and animal products was impeded and difficulty in purchases and sales remained a rather conspicuous problem in rural and pastoral areas; infrastructural facilities remained weak in rural and pastoral areas, whose capacity for preventing and combating disasters was weak; and the educational facilities and medical conditions in rural and pastoral areas have yet to be improved further. Judging from the general situation, our courage was not great enough and our step not quick enough in conducting reform and opening up and our economic development rate still lagged behind that of the developed areas of the province. With a highly responsible attitude toward the party and the people, we must face up to these problems and redouble our efforts to achieve greater development in the region's reform, opening up, and economic construction.

## 2. Goals and Guiding Ideology for 1992 Work

Nineteen ninety-two can achieve a new upsurge in reform and opening up. Comrade Deng Xiaoping's important speech has clearly shown the direction of advance for the

work of further emancipating the mind and accelerating the pace of reform and opening up. We must conscientiously implement the guidelines of large-scale reform, large-scale opening up, and large-scale development, set forth by the fifth (enlarged) plenary session of the fifth regional party committee. We must push the region's reform, opening up, and economic development onto a new stage; make the best possible use of the region's superiority in geology, natural resources, and policies; promote the overall development with opening up; comprehensively implement the border development strategy; explore the way to promote opening up with reform and to promote development with opening up; give rise to the pattern of "making breakthroughs in forward areas, blossoming in hinterland, opening to and cooperating with others on a large scale, and bringing along the overall situation"; and forge ahead with arduous struggle to create a new situation in the region's economic and social development. The breakdown of major plans and targets of 1992 are: effecting a 7 to 8 percent increase in the GNP, a 8 to 10 percent increase in the total industrial output value and sales output value, a 3 percent increase in the total agricultural output value, a 5.1 percent increase in the total financial revenues, and a 12 percent increase in the total volume of retail sales. In addition, the increase margin of the general level of retail sales should be controlled at about 6 percent. On the prerequisite of developing production, living standards of urban and rural residents should be obviously better than those of the previous year, and various social undertakings should develop accordingly.

As for the economic development speed, we should allow some leeway in formulating the targets. However, in practical work, we should accelerate economic development as far as possible. Comrade Deng Xiaoping said: "Whenever possible, the economy should develop without any obstruction, and wherever possible, the economy should be developed as quickly as possible." The regional party committee has pointed out that in the coming several years we should strive to make the region's economic development speed reach double digits; in the last stage of the Eighth Five-Year Plan, we should strive to make the income of farmers and herdsmen slightly higher than the median; by the end of this century, financial departments at all levels should be basically self-sufficient and strive to embark on a new stage every several years. In addition, we should strive to fulfill the second-step strategic goals ahead of schedule. An analysis of the region's favorable conditions in various fields shows that it is not only necessary to attain this goal but also completely possible to attain this goal through great endeavor.

In doing this year's work, we should pay attention to manifesting the following guiding ideas:

We must further strengthen the idea of regarding economic construction as the central task and must regard the development of productive forces as the starting point for considering all issues and as the basic criterion to assess all work. The basic task of socialism is to emancipate and develop productive forces. If a nationality or a locality refuses to consider various issues from the development of productive forces, it will be unable to make progress. To

foster the idea of regarding economic construction as the central task, we should unite the "one central task" with the "two basic points" and should consider this idea as the manifestation of the high degree of political awareness. We must ensure that the basic line of the "one central task and two basic points" will not change for 100 years. We should firmly grasp economic construction and make all items of work subordinate to and serve economic construction instead of deviating and obstructing it. We should regard the development of productive forces as the starting point and end of all work. As long as a thing is conducive to developing the productive forces of socialist society, to enhancing our country's comprehensive strength, and to improving the people's living standards, it should be implemented and tried daringly without fearing the overcritical argument of whether it is socialist or capitalist. We should watch out for the Right, but more important we should also prevent the "Left." We should actually seek unity of the ideas and understanding among the vast number of cadres and the masses in line with the purpose of wholeheartedly engaging in economic construction and developing productive forces.

We should further enhance the sense of reform and opening up, emancipate our minds, update our concepts, and create a climate where people show concern for, support, and actively plunge into reform and opening up. The key to whether we can quicken the step of reform and opening up lies in whether our cadres at all levels have the courage to conduct reform, create the new, and blaze the way forward in thinking and work. In the process of building socialism with Chinese characteristics, we must take the initiative in closely coordinating reform and opening up with such fundamental and major tasks as accelerating economic development, facilitating social progress, improving people's living standard, and consolidating the socialist system. In the 10 years and more since reform and opening up started, a great change has taken shape in the thinking and concepts of the vast number of cadres and the masses throughout the region. Compared with the needs in the new situation and with advanced provinces and municipalities, however, we still fall far behind. This is because our economic development is not as fast, our management not as flexible, and our courage not as great as theirs. At present, if our understanding cannot catch up, and if we still take the conventional way, we will lag increasingly farther behind advanced provinces and municipalities. To break with conventions, we should relax our policies, delegate administrative power to lower levels, have a free hand in work, and conduct experiment bravely. The power that should be delegated to lower levels should be delegated completely as soon as possible; policies that should be relaxed should be fully relaxed; and regarding the work that we should let go, we should give lower levels a free hand in carrying it out. When lower levels encounter difficulties and problems, we should have the courage to support the comrades brave in reform and help them resolve misgivings and difficulties. We should be determined to carry out a revolution toward our ideas and concepts, abolish all the rules and regulations that shackle us, clear away the outdated, closed, and conservative old ideas that prevent us from advancing, embrace the spirit of brave experiment and risk-taking, and have the

courage to create new practice instead of waiting for others' experiences. We should eliminate the idea of the natural economy characterized by regional blockade, barriers between different departments, and closed or semiclosed doors, open our doors wider, learn from others' strong points to make up for our deficiencies, and develop the region's economic construction by leaps and bounds amid the practice of mutual benefit.

We should further enhance the sense of development and seize the opportunity to expedite the region's economic development rate. Although Inner Mongolia has achieved great development in its economy over the past few years, its general level is still rather low as compared with advanced provinces and municipalities. The gap cannot be narrowed as quickly as possible without a fairly rapid and unconventional development rate. The current international environment is favorable and the new great wave of reform and opening up is surging vigorously; the state's economic development strategy is gradually moving to the west and implementation of the strategy for the opening up of border areas has begun; and the central nationalities work conference made a series of new arrangements for the work of border minority areas. This has provided very favorable conditions for Inner Mongolia to accelerate its economic construction. Comrade Deng Xiaoping pointed out: It seems that we always have to seize the opportunity to accelerate our development for a few years in a certain period, tackle problems in a timely manner once they are discovered, and then advance continuously. In the future long process of modernization, it is necessary and also possible for several periods with faster development rate and better efficiency to emerge. When we emphasize quicker development rate, we do not mean that we may neglect economic efficiency. The development rate we pursue is a realistic rate that emphasizes efficiency and quality. In the future, all our economic work should still be focused on improving economic efficiency. We should continue to attach importance to a stable coordinated economic development, but stability and coordination are also relative and not absolute; only development is absolute truth. We must conscientiously implement the guidelines of the fifth (enlarged) plenary session of the fifth autonomous regional party committee and mobilize and organize the cadres at all levels and the masses throughout the region to display a self-reliant, hardworking, and indomitable spirit, make concerted efforts, work in a down-to-earth manner, embrace lofty ideals, and adopt every possible means to quicken the region's economic development rate.

We must enhance the idea of commodities and the concept of markets and vigorously accelerate the pace of fostering and establishing socialist market systems. To establish the new system of the planned commodity economy and the mechanism of economic operation, in which the planned economy is integrated with market regulating, it is imperative to vigorously foster and establish market systems. This is where the key to promoting the development of the planned commodity economy and accelerating the construction of socialist modernizations lies. We must do away with the outdated view in which planning is regarded as socialist and market as capitalist so as to enable the people to fully

understand that in developing socialized large-scale production, we must be matched with socialized large-scale commodity circulation and large-scale markets. Enterprises should depend on markets for their existence and development. The extent of enterprise scale is decided by the market share of their products. The commodity economy in essence is opening to the outside world. Therefore, we should boldly draw on the law of modernized production and the advanced business style and managerial methods currently adopted by various developed countries, including capitalist countries; and establish as soon as possible socialist market systems with the characteristics of our country and our autonomous region, with the satisfactory variety of functions, with rational distributions, and with rich vitality and vigor.

We must further uphold the thinking of science and technology being the first productive force and orient the economic construction onto the track of depending on scientific and technological progress and upgrading the quality of laborers. If we achieve much development in the economy, we will have more modernization and rely on the important role played by science, technology, and the quality of laborers. The motivation for enabling economic construction throughout the autonomous region to accelerate its development and to achieve leap-forward progress lies in science and technology and the hope in this regard lies on education. In carrying out economic construction, we should not only pay attention to the role played by the "tangible conditions" of financial and material resources but also to the role of "intangible conditions" of science and technology, information, and intelligence. We should pay attention not only to the production resulting from increasing the input but also to that resulting from tapping the potential of enterprises. Efforts should be made to earnestly enforce the strategy of having science and education make the autonomous region prosperous; to steadily enhance ideas about science and technology and training talented personnel; to pay attention to the training and utilization of talented personnel; to deal with the currently loose coordination between science, technology, and education, as well as economic construction by making great determination and adopting effective measures; to strive to enable the first productive force to turn into an actual productive force; to train more and better technical and economic managerial talented personnel by proceeding from reality; and to give full expression to the fundamental purpose of having science, technology, and education serve economic construction.

We must further uphold the idea of "successfully carrying out the tasks in the two fields" and create stable political and social environments for economic development, reform, and opening up. In conducting our work, we must grasp the material civilization on the one hand and grasp the spiritual civilization on the other hand; as well as grasp reform and opening up on the one hand, and grasp the work of dealing blows at various crimes on the other hand. Tasks in these two fields should be carried out satisfactorily. A good job should be done in realistically conducting propaganda education in this regard and enhancing the ideological and political work. By no means should we cast away

this political strong point at any time. The deeper our reform, the more we need to deal with the deep-rooted problems on ideology and understanding. Particularly while readjusting the interest among the state, collectives, and individuals, as well as the interest between different departments and regions, it is all the more important for us to enhance the ideological and political work. We should have powerful ideological and political work promote reform, opening up, and development as well as sweep away obstacles and provide guarantees for reform and opening up. Strenuous efforts should be made to enhance the construction of socialist democracy and legal systems, to conduct the administrative work in line with the law, to run the autonomous region in line with the law, and to uphold the people's democratic dictatorship. A good job should be done in realistically consolidating public security comprehensively; dealing strict blows at various crimes; continuously launching the special struggle against obscene things, "six vices," drugs, and robbery; safeguarding the social stability; and creating a better social environment.

Fellow deputies! The various tasks for 1992 are glorious but arduous. As long as we conscientiously implement the guidelines of the fifth (enlarged) plenary session of the fifth regional party committee, firmly seize favorable opportunities with a strong sense of urgency of the times and a sense of responsibility to history, persist in the correct guiding ideology, unite with one another, reinforce confidence, enhance morale, and pioneer the road of advance, we will certainly be able to successfully fulfill all tasks for this year and lay an even better foundation for the large-scale development in the future.

### 3. Realistically Grasping This Year's Work

A. We should continue to strengthen the position of agriculture and animal husbandry as the foundation and strive to reap bumper harvests in agriculture and animal husbandry and increase the output of agriculture and animal husbandry.

This year's rural and pastoral work should be aimed at comprehensively implementing the guidelines of the eighth plenary session of the 13th party Central Committee and the fourth (enlarged) plenary session of the fifth regional party committee and at making big strides in realizing the overall objective of "creating a new level in agriculture and then making peasants relatively better off on schedule; and pushing animal husbandry onto a new stage, and then making herdsmen relatively better off ahead of others" during the 1990's. We should continue to strengthen the position of agriculture and animal husbandry as the foundation. All professions and trades should energetically support and gear themselves to the needs of agriculture and animal husbandry. The region's total grain output and total number of domestic animals should increase steadily based on the 1991 figures. Under this prerequisite, we should positively readjust the internal structure of farming and livestock breeding, readjust the production setup of rural and pastoral areas, and follow the path of developing high-output, high-quality, and high-efficient agriculture and animal husbandry.

We should continue to deepen the reform of rural and pastoral areas and further increase the vitality and vigor of agricultural and animal husbandry development. On the basis of stabilizing and perfecting the responsibility system for agricultural and animal husbandry production, we should give prominence to solving the problems with regard to the socialized service to agriculture and animal husbandry and the circulation of farm and livestock products. The development level of the region's agriculture and animal husbandry is relatively low, and thus we must continue to stabilize the responsibility system for agricultural and animal husbandry production, with the household-based output-related contract system as predominant. This is the prerequisite to protect and mobilize the initiative of the vast numbers of peasants and herdsmen. We should further establish and perfect the socialized service system for agriculture and animal husbandry. We should gradually give rise to a four-level service network, of which banners and counties are the center, townships and towns (sumus) the backbone, villages (gachas) the foundation, and individual and integrated households of peasants and herdsmen the complement. We should organize the socialized service with multiple levels, content, forms, and functions. At the same time, by engaging in developmental production, successfully managing and using the existing property of collectives, and organizing paid service, we should gradually enhance the strength of the collective economy, constantly perfect the dual management system combining the household responsibility system with collective management, and guide the vast numbers of peasants and herdsmen to follow the path to common wealth. We should pay great attention to tackling the difficulty of peasants and herdsmen in buying and selling and should, in combination with the reform of the circulation system, rapidly establish and develop a circulation system for agricultural and animal products that consists of multiple channels and fewer intermediate links. We should increase economic efficiency by regarding it as the central link of agricultural and animal husbandry production. We should energetically develop commodity production and should grasp agricultural and animal husbandry production with one hand and the transformation of agricultural and animal husbandry products with the other hand so that a big breakthrough will be made in increasing the efficiency in agriculture and animal husbandry.

We should devote great efforts to capital construction, focusing on water conservancy facilities for farmland and grassland to further improve the capacity for comprehensive agricultural and animal husbandry production. We should continue to attach importance to and develop ecologically sound agriculture to bring about steady improvement in agricultural and animal husbandry production. First, we should achieve success in farmland capital construction. We should increase the acreage of irrigation-guaranteed farmland and basic dry farmland, high-grade rectangular pieces of farmland, and land with sound water and soil conservation by 5 million mu each. Second, we should achieve success in grassland capital construction. We should complete the task of building 20 million mu of grassland, build 9,600 fenced pastures provided with the "five supporting facilities," and continue the second-phase project of the 38

disaster control base banners and counties. Third, we should achieve success in building shelterbelts in north, northeast, and northwest China and planting trees to improve deserts. We should afforest 4.07 million mu of land and improve and develop 5.6 million mu of deserts and sandy land. Fourth, we should achieve success in building marketable grain bases and carrying out comprehensive agricultural development. We should do well the early-stage work for the second-phase development of the 23 banners and counties in the three leagues and one city in eastern Inner Mongolia and the second-phase development of Dalad Banner and continue the construction of the 21 marketable grain base banners and counties. Fifth, we should achieve success in improving the strains of crops, livestock, and trees.

We should make active efforts to adjust the economic structure in rural and pastoral areas; greatly promote the integration of agriculture, animal husbandry, and forestry, the integration of production, supply, and marketing, and the integration of agriculture, science and technology, and education; and gradually coordinate farming and livestock breeding with processing and agriculture (animal husbandry) and industry with commerce to further improve the comprehensive efficiency of agriculture and animal husbandry. In rural areas, we should make active efforts to adjust the structure of farming on the premise that grain production grows steadily and to integrate farming with animal husbandry and planting with breeding. In farming, we should properly increase the areas sown to cash crops, wheat, and rice; rationalize the proportions of grain and cash crops; and substantially develop the production of wheat, rice, and readily marketable cash crops. In the restructuring of animal husbandry, we should continue to increase the proportion of fertile female animals, improve the strains of livestock more rapidly, accelerate the turnover of livestock, and increase the propagation capacity of livestock and the number of livestock slaughtered and sold. We should continue to attach importance to the work of state crop and livestock farms. In line with market demand, we should make continuous efforts to build well the various types of farm and animal product bases and vigorously promote the processing of farm and animal products to increase their value so that productivity, the production capacity of land, and comprehensive economic efficiency will be raised to a new level.

We should regard township enterprise development as an important measure for attaining the region's three short range goals as soon as possible and as the only way to make the rural and pastoral economies flourish, increase the income of peasants and herdsmen, and promote agricultural and animal husbandry modernization and economic development. In general, township enterprises of our region are still in the initial stage of development, but they have great potential. This requires that we have a free hand and go all out to open up a new situation regionwide in which township enterprises advance by leaps and bounds and achieve unconventional growth, and that people throughout the region adopt a corresponding mental attitude to achieve a leap in thinking. We should continue to adopt and carry out preferential policies and measures to provide a policy guarantee, explore a scientific and technological road, and create

a managerial mechanism for the leap. This year, we should strive to make the output value of the region's township enterprises 9 billion yuan and their growth rate 25 percent or higher. Proceeding from our reality, we should use the advantage of our resources as a foundation and aim at market demand to actively expand the avenues for township enterprise development. The existing township enterprises should step up efforts continuously to introduce investment from abroad and establish lateral ties at home, to carry out technical transformation, and to tap potential and gradually establish enterprise groups and superior industries with local characteristics. Large and medium-sized state enterprises, colleges and universities, and scientific research institutions should make contributions to township enterprise development.

B. We should vigorously push forward the structural readjustment and ensure the faster growth of industrial production on the premise of increasing economic results.

To develop the economy, we should regard industry as a backbone and the success in structural readjustment as the breakthrough in industrial development. With backbone enterprises and manufacturers of brand name, fine quality, special, and new products placed in the lead; with the rearrangement of priorities in the development of industries, products, and enterprises as the operational means; and with market demand and the law of value as the guide, and by applying the responsibility system to all localities and departments and to leading persons at all levels, we should let the national and regional industrial policies and the target of increasing economic results be reflected in various specific work to enable the industrial economic results to show an obvious increase. The region's increase of the profits and taxes to be delivered to higher authorities and income from sales should reach more than 7 percent. The volume of losses of enterprises caused by managerial problems should show a more than 30 percent decrease from 1991. Labor productivity should show an increase of 4 percentage points over 1991.

We should grasp the work of readjusting the product mix and the work of upgrading the quality of products simultaneously. A good job should be done this year particularly in readjusting the product mix; in developing a large number of new products which enjoy brisk sales and have high technical content and additional value; and in limiting or eliminating the production of a large number of high priced shoddy products and products that are of low value, consume large amounts of energy resources and materials, and are seriously overstocked. The region plans to develop 900 new products this year, of which 100 will be key products, 35 will reach world standards, and 200 will reach domestic advanced standards. The region will further deepen the campaign for the "quality, variety, and efficiency year" and concentrate efforts on improving the quality of some key industries and products. Enterprises should actively enforce overall quality control and link the wages of staff members and workers with the quality of products turned out by them. Efforts should be made to enhance the supervision and inspection over product quality, boldly give "exposure"

to sub-quality products, and continuously enhance the sense of enterprises of seeking existence by improving product quality.

We should grasp simultaneously the restructuring of the existing projects as well as new ones. The emphasis on the restructuring of existing projects should be placed on accelerating the reorganization, technical transformation, cooperation, and merger of enterprises. As for the enterprises that have excessive production capability, are seriously overstocked, have had losses for a long time, and have no hope in switching their losses to profits, we should resolutely close them down, suspend their production, merge them with others, or have their production lines changed. Those that can be merged with others or have their production lines changed should be done so as much as possible. Regarding those that really need to be suspended temporarily or permanently, we should boldly adopt resolute measures so that enterprises can find a way out or seek development in the course of readjustment. Efforts should be made to actively develop and organize new enterprise groups and upgrade the level of specialized cooperation and the economic results of scale. This year, we should begin with the industries of coal, power, forestry, medicine, electronics, farm machines, woolen textile, leather and fur, and building materials to establish a number of new enterprise groups. In restructuring new projects, a good job should be done chiefly in readjusting the structure of investment and vigorously upgrading the efficiency of investment. We should muster our financial resources to arrange on a priority basis the region's key projects and the projects under construction that will soon be concluded; continuously enhance the construction of the projects in agriculture, animal husbandry, transportation, energy resources, important raw materials, science and technology, education, and post and telecommunications; and give proper consideration to the development of various undertakings. The region plans to invest 4.8 billion yuan in local fixed assets this year. We should enforce the responsibility system in making investment in capital construction and prevent duplicate construction of a low level and low benefit. Except for key industries, general processing industries should succeed particularly in technical renovations and refrain from developing new projects. The region plans to invest 1.2 billion yuan in the local technical renovation projects this year. This investment, which shows the highest annual increase in years, will be used chiefly in the technical renovation projects of large and medium-sized enterprises, the projects that coordinate technical progress, the projects of rare earth application, and other high-tech development projects with regional characteristics. Attention should be continuously paid to the construction of highway infrastructures. We should broaden the channels for raising funds and adopt preferential policies to accelerate the construction of key highways and make all townships and sumus accessible by highways at an earlier date.

We should simultaneously attend to increasing the profits of major profitable enterprises and reversing the deficits of major unprofitable enterprises. We should continue to successfully run large and medium-sized state-run enterprises. In particular, for the enterprises each with an annual profit

or an annual loss of 1 million yuan or more, plans for increasing profits or reducing deficits should be formulated for each of them, and league and city heads as well as department and bureau directors should be assigned responsibility for supporting such enterprises to implement these plans. This year, for unprofitable enterprises, we should establish a strict method of basing the total payroll on work efficiency. Enterprises incurring losses due to poor management should all have their total payroll lowered. While grasping large and medium-sized state-run enterprises, we should also pay attention to small enterprises. In light of the problems existing among small enterprises, we should further deepen the internal reform of enterprises and adopt diversified methods to help such enterprises solve problems and improve production and management. We should continue to vigorously develop the individual and private sectors of the economy as well as the joint ventures involving foreign investment and should persistently follow the path of allowing various economic sectors to coexist and compete with one another.

C. We should continue to pay great attention to the circulation work and strive to make a breakthrough in building the regional market system.

While deepening the reform of the circulation system, we should pay attention to combining urban and rural construction with market construction, combine the development of urban market with the expansion of rural and pastoral markets, combine the effort to occupy the domestic market with the expanding of the world market, and combine the building of market facilities with the building of market management rules. We should give prominence to building country fair market and should build, expand, or rebuild 156 country fair markets of different types, with their business volume reaching 2.5 billion yuan, up 15 percent over the previous year. In the areas where league and city governments are located and in Manzhouli and Erenhot cities, we should build a group of large-scale shopping centers and goods trading centers with complete functions and advanced facilities in order to gradually form regional central markets. We should also strive to build some large-scale wholesale markets and special markets which embody the region's characteristics, have relatively wide influence in the whole country, and have a strong function for spreading. While strengthening the building of the markets dealing particularly in grain and oil-bearing crops, melons and fruits, meat, and leather and fur in the areas where agricultural and sideline products are concentrated, we should successfully build the markets for funds, labor service, technology, talented people, information, transportation, real estate, means of production, and transfer of property. In building a market system, we should give full play to the predominant role of state-run and cooperative commercial and supplies departments and should, at the same time, give full play to the complementary role of individual and private commercial enterprises as well as the joint ventures involving foreign investment in order to give rise to, as quickly as possible, a new pattern of circulation embracing multiple channels and fewer intermediate links under which all enterprises compete with one another on an equal footing, promote one another, and

invigorate urban and rural economies together. We should closely combine the building of the market system with the strengthening of sales, mobilize the forces in all fields, organize strong and capable ranks of salespersons, implement special encouragement policies to sell even more products of the region to the places outside the region and the country, and strive to basically solve the stockpiling of major finished products. We should continue to seriously investigate and deal with those who produce and sell fake and inferior commodities. We should continue to straighten out market order, safeguard the interests of the vast numbers of consumers, and further promote the prosperity and stability of the market.

D. We should launch the in-depth "double increase and double economy" activities and make financial work more successful.

It is very difficult to fulfill this year's revenue and expenditure tasks. We should mobilize personnel at all levels from all quarters to continue to open up financial resources, reduce the expenditure, and achieve success in increasing the revenue and economizing on the expenditure. First, we should conscientiously strengthen the collection and management of taxes. In addition to continuously collecting and managing the taxes from state enterprises strictly, we should strengthen control over the taxes from the three types of foreign-funded enterprises, township enterprises, collective enterprises, private enterprises, and individual industrial and commercial households and strictly prevent tax evasion. Second, we should further control and economize on administrative funds and resolutely oppose extravagance and waste. Government organs at all levels should practice economy, do all work frugally, adhere to the principle of keeping expenditures within the income and acting according to capacity, and set an example in leading an austere life. They should strictly prohibit the practice of giving gifts and parties and sight-seeing with public funds. They should continue to strictly control institutional purchases. Third, we should adopt effective measures to gradually absorb the deficits of grain enterprises that have been accumulated over the past years. Beginning this year, profit-making and loss-making grain enterprises should be managed differently. We should continue to deepen enterprise reform, strengthen their management, and never allow new deficits. Fourth, we should further strengthen audit supervision, strictly enforce financial and economic discipline, and persistently manage taxes and financial resources according to law. Fifth, we should strive to cultivate and expand the foundation for financial resources. Finance departments at all levels should particularly help improve large and medium-sized state enterprises and develop banner and county economies. This year, departments in charge of the economy should work in coordination to help 10 selected banners and counties which have fairly good industrial foundations and conditions develop some industrial projects that require less investment and yield quicker results to enhance the self-development capacity of these banners and counties and improve their financial self-reliance.

The work focus of monetary departments is to further adjust the credit structure, enliven the circulation of the funds tied

up, accelerate the circulation of funds, and improve efficient use of funds. This year, we arrange to increase bank loans by 6 billion yuan and to put 3 billion yuan of currency in circulation to particularly support agricultural and animal husbandry production, the purchases of farm and sideline products, large and medium-sized enterprises, key construction projects, exports, township enterprises, and enterprises' technical transformation projects that help adjust the structure. We should strengthen management of banks' credit funds, gradually establish and improve the mechanism for the rational borrowing, use, and repayment of credit funds, and strictly enforce the discipline for settling accounts. We should continue the great efforts to break "debt chains" and accelerate the circulation of funds. We should strive to collect funds from various channels and actively organize savings deposits to further alleviate the region's contradiction between the supply and demand of funds.

E. We should conscientiously implement the strategy of developing the region through the application of science and technology and the promotion of education and facilitate the development of various undertakings in the process of strengthening service.

In line with the demand for comprehensively improving the quality of laborers and serving the modernization drive, we should continue to put education in an important strategic position. This year, the autonomous regional finance department arranges a 13.2-percent increase in its educational funds over last year's. While ensuring the collection of the educational funds from the major channels, governments at all levels should raise the funds from other channels and continue to improve the teaching conditions. We should implement the principle of achieving moral, intellectual, and physical development comprehensively and continuously improve the educational level and teaching quality. We should establish and improve a fairly complete educational system compatible with the economic construction and social development of the region. We should continue to deepen the educational system reform and base the salaries of teaching and administrative staff and workers on their contributions so as to manifest the principle of to each according to his work and more pay for more work. We should positively readjust the educational structure, actually strengthen the basic education, and positively promote the implementation of the nine-year compulsory education. We should continue to put education in a key position. We should unfailingly conduct vocational and technical education and the training of peasants and herdsmen. We should pay attention to continuously conducting the special education. College and secondary specialized education should be aimed at further optimizing the faculty and discipline structure and building a group of key faculties and key laboratories in a planned way. If possible, institutions of higher learning should positively popularize the experience of linking together teaching, scientific research, and production. Various banners and counties should actually strengthen the overall planning and promote the combination of "the economy, science, and education." We should advocate and encourage teachers of universities, colleges, and secondary specialized schools to go to the grass-roots areas to teach and apply science and technology. We should

raise the proportion of the enrollment from designated areas or departments. The job arrangements for graduates of universities, colleges, and secondary specialized schools should first ensure the demands of large and medium-sized state-run enterprises, township and town enterprises, and the grass-roots agricultural and animal husbandry service stations.

We should firmly foster the idea of making science and technology the primary productive forces and vigorously combine science and technology with the economy more extensively and more closely. In line with the region's 10-year program for scientific and technological development and with the outlines of the Eighth Five-Year Plan, we should positively mobilize and organize the forces in all fields to engage in service, demonstration, development, and joint research of science and technology. In the future, when developing new projects and new products, we should adopt new scientific and technological achievements in order to obviously raise the proportion of scientific and technological progress in the various factors of economic growth. We should further deepen the scientific and technological system reform. Scientific and technological units should positively carry out the system of giving research institute directors full responsibility for management and the system of making institute directors assuming responsibility for attaining targets, just as enterprises do. By adopting the method of separating the files wage system from the post wage system, we should draw new operational mechanisms and competition mechanisms into scientific and technological units and link scientific research and application with production demand and results. We should urge most scientific and technological units engaged in applied studies and production units to organize various forms of integrations or groups consisting of scientific research units and enterprises. If possible, such scientific and technological units may contract, lease, or help run enterprises in order to gradually combine scientific research with production. We should further relax the policies on making scientific and technological personnel enter the main battlefield of the economy, encourage even more scientific and technological persons to go deep into rural and pastoral areas as well as industrial and mining enterprises to render scientific and technological service, and encourage scientific and technological persons to go to unprofitable enterprises and poverty-stricken areas to give support to them through the application of science and technology. Big prizes should be given to those who make outstanding contributions. We should positively cultivate and broaden the technology market and should extensively launch technology exchange activities aiming at technology development, technology transfer, technology consultation, and technology service in order to further commercialize scientific and technological research achievements. We should positively attend to the initial work for the building of the Hohhot and the Baotou new- and high-tech industrial development zones.

We should achieve further success in family planning work by simultaneously attending to production and birth control. This year sees the peak of the third baby boom. Therefore, we should further strengthen the whole people's

sense of population and make family planning the conscious action of the broad masses of the people. From principal leaders of the region to leaders of leagues, cities, banners, counties, townships, towns, and sumus, all should personally take a hand in this work in order to ensure that the region's natural population growth rate will be controlled within 13.58 per thousand.

We should continuously uphold the direction of "serving the people and serving socialism" and the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" in developing cultural undertakings. We should strive to achieve greater progress in building comprehensive cultural centers among townships (sumus) in rural and pastoral areas. The broad masses of literary and art workers should persistently plunge into the thick of life, go deep among the masses, and display the spirit of the "wulanmuqi" cultural troupe to create and present more and better programs. Efforts should be made to continuously enhance the work related to the Mongolian spoken and written language. Press and publication as well as radio, television, and film departments should persistently regard the propaganda with positive examples as a main task; fully play their role in uniting with, encouraging, and educating the people; vigorously create public opinion for conducting large-scale reform, opening to the outside world in a big way, and achieving great development; and promote the healthy development of reform and opening up. Public health departments should continuously enhance the construction of health care and disease prevention networks at three levels in rural and pastoral areas with the emphasis on towns and townships; further carry out the patriotic public health campaign in both urban and rural areas throughout the region; build more clean cities, townships, and towns; and pay attention to the development of Mongolian medicine. Physical culture and sports departments should particularly do a good job in conducting the mass sports activities in both urban and rural areas, vigorously upgrade the technical level of sports, and earnestly and successfully make preparations for the international invitational tournament of horsemanship and the seventh national sports games. Personnel in charge of social sciences should resolutely regard Marxism as guidance, gear their work to economic construction, and enable the results of theoretical research to better guide or serve reform and opening up.

In building the "two civilizations," governments at all levels should regard it as a great task to actively improve the people's living standard and help with all possible means poverty-stricken and backward localities eliminate poverty and achieve prosperity as soon as possible. Attention should be paid to actively supporting the development of the three minority autonomous banners. We should strive to enable the actual income of urban residents in our region to increase step by step by implementing the policies on distribution, enlarging employment, and properly increasing the awards for staff members and workers who have made contributions. Efforts should be made to vigorously develop the commodity economy in rural and pastoral areas, actively readjust the structure of agriculture and animal husbandry, successfully boost the circulation of farm and animal products, and strictly refrain from assigning

quotas arbitrarily to peasants and herdsmen and collecting charges from them arbitrarily to relieve their burdens so that their net income will increase by more than 50 yuan this year.

F. We should regard it as an emphasis to transform the enterprise managerial mechanism and deepen the reform in economic systems.

A basic idea for the region to conduct reform in economic systems this year is as follows: A good job should be done in conducting coordinated reforms in the enterprise internal system, in the government administrative functions, and in the social security system by regarding the endeavor to invigorate enterprises, especially large and medium-sized state enterprises, as the central link and the endeavor to "serve the market, tap potential, increase economic results" as the target.

We should regard it as an emphasis to transform the enterprise managerial mechanism and deepen the reform in economic systems. Efforts should be made to further define the scope of the functions and duties of various departments under the government. In line with the principle of relaxing control over some fields while exercising control over others, we should manage well the five tasks of improving enterprise leading bodies, implementing contracts, managing the total wages of enterprises, implementing the industrial policy, and supervising and inspecting law enforcement. We should earnestly implement the "Inner Mongolia Autonomous Region's measures to enforce the 'PRC law on state-run industrial enterprises'"; grant enterprises the right to personnel affairs, the right to wage distribution, the right to fix product prices, the right to make investment decisions, the right to sell products to both domestic and foreign markets, and the right to establish organs as stipulated in the "enterprise law" so as to enable enterprises to be truly responsible for their own losses and profits and their own development; bring into full play the enthusiasm, initiative, and creativeness of enterprises for production and management; and push enterprises to the market. In connection with the change of the operational mechanism, enterprises should reform their internal labor employment system, wage system, and cadre system and gradually form a competitive mechanism and an incentive mechanism under which enterprises can be established or closed down, cadres promoted or demoted, staff members and workers recruited or dismissed, and wages increased or decreased as required. The reform of the distribution system must really manifest the principle of distribution according to work, and efforts must be made to eliminate egalitarianism. In the distribution of enterprise wages and bonuses, we should tilt favorably to the posts requiring high technology, key posts, and those involving difficult, tiresome, dirty, and dangerous work. The change of the enterprise operational mechanism is an intensive and in-depth reform. The success or failure of this change is determined by the key issue of whether we can win the understanding, support, and active participation of the broad masses of workers. Governments at all levels must conscientiously carry out propaganda, mobilization, organizational, and ideological work; give full play to the role of the working class as

masters of their own destiny; wholeheartedly rely on the working class; and try their best to directly link the reform measures with the immediate interests of the broad masses of workers, to make workers fully understand the importance and urgency of this reform and their own historical missions, and to enable them to actively participate in reform in the way the broad masses of peasants and herdsmen practiced the family-based output-related contract responsibility system in those years. This year, the regional government and all leagues and cities should select a group of state large and medium-sized enterprises to experiment with the change of the enterprise operational mechanism and strive to make about 50 percent of all the enterprises throughout the region basically complete the internal reform of changing the operational mechanism. The implementation of the shareholding system is an effective way for collecting construction funds and supervising enterprise management and is conducive to promoting the change of the enterprise reform. We should actively carry out experimental work in some selected units.

It is necessary to further deepen the reform of the planning and pricing systems. We should carry out reform of the planning system in line with the objective demand of economic development, continue to narrow the scope of mandatory planning, and expand the scope of guidance planning and market regulation. Under the premise that commodity prices are kept basically stable, we should carry out planned and orderly pricing reform. In addition to making continued efforts to manage well the prices and service charges under the central unified management, we should decontrol most of the commodity prices under the management of the region. This year, we should give priority to decontrolling the prices of some ordinary processed products whose supply and demand are generally balanced, products whose supply and demand are fairly flexible, durable consumer goods, and products that are not daily necessities; delegate the power of fixing the prices of new products to enterprises; and realistically strengthen price supervision and management.

Continued efforts should be made to deepen the reform of the circulation system. This year, in state and cooperative commercial enterprises and materials enterprises, we should try out the reform of the circulation system of which the main content is the decontrol of their operation, prices, distribution, and employment. All leagues and cities as well as Manzhouli and Erenhot cities should engage in bold exploration and take the lead in making breakthroughs. State retail commercial enterprises and catering and service enterprises may continue their reform by "changing their systems and lines of business or leasing, contracting, and selling themselves out," experimenting with the shareholding system, merging with others, or cooperating with one another in sales. State grain enterprises should adapt to the new situation in the reform of the grain purchasing and marketing system and the pricing system and, while doing a good job in the planned grain purchases and marketing, actively participate in market competition and increase the amount of grain sold at negotiated prices. At the same time, they should vigorously carry out the method of "stressing one industry while developing diversified undertakings,"

raise efficiency, and strengthen vitality. Supply and marketing cooperatives should clearly restore their nature as collective nongovernmental units and implement more flexible and multiform reform measures. Grass-roots supply and marketing cooperatives should be turned into a community of interests for peasant and herdsmen and become the comprehensive service centers in the rural and pastoral areas.

We should actively promote the reform of the social security system. This year, we should put the pension system for the staff members and workers of state enterprises under the unified planning of leagues and cities and put the pension system for those of collective enterprises under the unified planning of banners and counties. Meanwhile, we should actively experiment with the pension system for peasants and herdsmen in rural and pastoral areas. The unemployment insurance system should be gradually extended from some staff members and workers of state enterprises to all the staff members and workers of the enterprises which institute the all-worker labor contract system. Some pilot collective enterprises at and above the county level should also be selected to experiment with the system. As the autonomous region has already drawn up the general plan for the housing reform, all leagues and cities should organize personnel to implement it in line with their specific conditions, and their courage should be greater and steps faster.

G. We should seize the favorable opportunity to further open wider to the outside world.

Opening wider to the outside world poses a golden opportunity for the region to accelerate economic development within this century. This year, we should achieve great breakthroughs and progress in promoting the border development strategy. The current situation is both encouraging and pressing. In view of the intense competition in the world market, we should be far-sighted, broaden our field of thinking, take quick action, work in a down-to-earth manner, and further improve our policies and measures concerning opening to the outside world. We should guide cadres and enterprise managers to embrace the concept of "large-scale production, large-scale economy, broader field of thinking, and large-scale action" and establish the strategic idea of "having our feet firmly planted in Inner Mongolia, relying on the support of the entire China, going deep into the CIS, and going out of the Northeast Asia" so that the endeavor of opening to the outside world will develop on a larger scope and at a higher level. This year, we should strive to make the region's volume of imports and exports \$700 million, an increase of 17 percent from last year's, which was already fairly high.

First, we should make particular efforts to achieve success in the construction of the open belt along the border, the economic and technological development belt along railways, and the hinterland resources development zone. Taking the 18 banners and cities along the border, the entire Hulun Buir League, Manzhouli and Erenhot cities, and several border trade spots as the passageways and "windows," we should establish an open belt along the border as soon as possible and turn it into the forward position for the region's opening to the outside world. We should establish

export-oriented processing and production bases, high-tech development zones, and economic and technological development zones in a number of selected key cities along major railways, such as Hohhot, Baotou, Wuhai, Chifeng, Tongliao, and Jining; extensively introduce funds, technology, and trained personnel from abroad; enable these cities to gradually become an economic and technological development belt along railways; and turn it into a supporting force for opening to the outside world and a leader for the entire region's economic development. In the areas with abundant agricultural, animal husbandry, forestry, water, and mineral resources, we should accurately select the projects in which breakthroughs should be made, bring in great amounts of funds and technology, accelerate the development and transformation of resources, and build these areas into resources development zones with their own characteristics. Meanwhile, we should open wider the areas along the border in range and quality by intensifying the construction of the existing ports, building new border ports, opening up reciprocal trade zones, establishing commercial streets, establishing economic cooperation enterprises, developing real estate business, and developing tourism.

Second, we should further expand the channels for foreign trade. In foreign trade, we should actively develop spot exchange trade, barter trade, and leasing trade and should adopt the principle of developing local, nongovernmental, and reciprocal trade simultaneously to make border trade more compatible with specific local conditions. We should intensify the construction of export product bases. We should adjust the export commodity mix based on the demand of the world market and change the major export products of the region from the current raw materials and semifinished products into finely processed products with high additional value. We should establish three foreign trade group companies and fully develop their advantage as a group to more effectively organize the region's economic relations and trade.

Third, we should make new progress in economic and technological cooperation. By adopting the principle of developing bilateral, multilateral, and entrepot trades, we should gradually form a new pattern of comprehensive development with trade in the lead and economic and technological cooperation as the priority. It is necessary to actively develop the three types of foreign-funded enterprises. All leagues and cities should define the targets for the amount of foreign capital to be brought in and the number of new foreign-funded enterprises of the three types or cooperative projects and conscientiously organize efforts to implement them. We should continue to actively strengthen lateral economic cooperation, further develop comprehensive economic and technological cooperation with coastal and inland developed provinces and cities based on their assistance and guidance and aimed at the development of border trade, and establish long-term and stable cooperative relations with selected areas to attain definite purposes as well as regional cooperative relations in a planned manner.

Fourth, we should further accelerate the pace of reform and opening up in the two experimental zones of Hulun Buir

League and Wuhai city and the open city of Manzhouli. After summing up experiences, they should learn from the methods of the special zones to do experiments boldly and play an exemplary and guiding role still better in the whole region. The State Council has approved the designation of Manzhouli as a new open city in the border area. This year, we should successfully carry out the pioneering work in line with the tentative plan for building "international trade cities." It is necessary to step up our efforts to formulate preferential policies to attract more domestic and international cooperative partners to participate in building the border trade areas and the export processing areas and to develop business activities.

H. We should strengthen the building of the socialist spiritual civilization and create a new situation in national unity and progress.

The current ideological education should be carried out in close connection with the theories and line for building socialism with Chinese characteristics proposed by Comrade Deng Xiaoping and the endeavor to attain the second-step strategic objective of the region. We should conscientiously implement the plans and demands of the central authorities and the regional party committee on conducting socialist ideological educational activities, continue to send a great number of cadres to the grass roots to help work, and further strengthen the building of socialist spiritual civilization. We should make conscientious efforts to sum up the successful experiences of recent years; closely combine the three tasks of ideological education, economic construction, and the building of village-level organizations; and conduct the regionwide socialist ideological educational campaign more vividly and soundly.

Continued efforts should be made to extensively and deeply conduct education on the Marxist concept on nationalities and the party's policy on nationalities, rapidly formulate methods for implementing the guidelines of the central nationalities work conference and the 1991 State Council Document No. 70 in line with our regional reality, and make good, sufficient, and flexible use of various preferential policies which the state has given to the minority areas. This year marks the 45th founding anniversary of our autonomous region, and we should conscientiously sum up the fine traditions and good experiences in our region's nationalities work, publicize and commend the advanced models and deeds in national unity and progress, establish a proper atmosphere in which the higher and lower levels across the region pay attention to national unity and all people emulate the advanced models, and make unity in construction, safeguarding of reunification, mutual development, and common prosperity become the conscious action of the broad masses of cadres and the people. We should unite with and rely on the masses of cadres of various nationalities and adopt a clear-cut stand to resolutely oppose bourgeois liberalization, all sabotage activities launched by the domestic and foreign hostile forces, and the practice of using nationalities and religious issues to engage in activities of disunity. While strengthening national unity, we should also pay attention to strengthening army-government and army-people unity and the unity of various sectors, unceasingly

consolidate and develop a stable and united political situation, and create a good social environment for further economic development and comprehensive progress in various fields of work.

I. We should accelerate the reform of government organs and realistically improve their work styles.

Following the deepening of the reform in economic systems, we also must conduct appropriate reform in the government functions of establishing organs and managing them. This is an important part of conducting reform in the political system and an important measure to improve the government work. In 1992 organizational reform should be conducted from higher levels downward in line with the guiding ideology of shifting the functions of the organizations, straightening out their relationship, simplifying their administration, enhancing their services, and upgrading their efficiency. Through the reform, we should clearly define the scopes of duties; appropriately reduce overlapped organs; straighten out nonpermanent organs; fix the posts within the organs in line with the fixed duties and fix the number of personnel in line with the posts; and enforce the management responsibility system for the attainment of certain objectives. A good job should be done in conducting the reform in personnel affairs and laying a solid foundation for enforcing the system of public service across the board. Departments under the government may open on a trial basis economic entities serving economic development to successfully place surplus personnel. While emphatically and successfully conducting the reform of the regional-level organs, we should also have leagues and cities (including county-level cities) start their organizational reform before the end of this year. Banners and counties that have been assigned by league or city authorities to take up the pilot work of reform should vigorously popularize the experience gained by Zhuozhi County and Qahar Right Wing Front Banner in the reform and score good results in it.

While successfully conducting organizational reform, we should make a greater step in shifting government functions in line with the principle of simplifying the administration, delegating power to lower levels, and upgrading efficiency. Based on the power delegated to lower levels previously, we have decided through discussions to further delegate the following authority:

In principle, all economic management power enjoyed by the regional-level departments should be delegated to the experimental zones of Hulun Buir League and Wuhai city as well as Manzhouli city. Likewise, other leagues and cities may be granted some of the power enjoyed by the Hulun Buir League and Wuhai Experimental Zones.

After conducting economic and technical appraisals, various leagues and cities may examine, approve, and issue certificates of approval independently, and then report to pertinent departments of the autonomous region for the record concerning the foreign-funded construction projects which are not under state control, whose investment is less than \$10 million, for which the necessary conditions for construction, production, management, and foreign exchange do not have to be provided in a unified manner by

the state and the autonomous regional authorities, and whose products are not under the management of state quotas and licenses.

Various leagues and cities may examine, approve, make decisions independently, and then report to pertinent departments of the autonomous region for the record concerning the productive construction projects developed by the localities within the region with the funds from outside the region, whose investment is less than 20 million yuan in Renminbi, for which the necessary conditions for construction, production, marketing, and investment can be provided by the localities themselves, and for which the funds can be repaid by the localities themselves.

Various leagues and cities as well as Manzhouli city may examine and approve independently, and then report to pertinent departments for the record concerning the non-trade projects in which the overseas investment involved is less than \$1 million.

The autonomous region will enforce a joint work system to handle at regular intervals and in a selected place the procedures that the enterprises which have brought in investment from abroad or established lateral ties at home have to go through. Approvals or replies should be given to the enterprises within 15 days after the documents submitted by them are received.

On the premise that they do not reduce the taxes to be handed over to the state or ask for more financial subsidies, various leagues and cities may exercise the power for local tax reduction and exemption that the autonomous region enjoys and formulate relevant preferential policies independently.

The decision-making power of the autonomous region's economic and trade organizations and offices stationed in foreign countries and in the localities outside the region will be expanded. While continuing their good job in transmitting international and domestic economic information, they will be allowed to invest in business or develop economic relations and trade in line with the relevant policies of the countries and localities where they are stationed.

Procedures will be simplified for screening and giving approval to the personnel engaged in foreign economic relations and trade who are to be sent abroad. Economic and trade groups of Hulun Buir League, Xilin Gol League, and Manzhouli city may be screened and approved by the leagues and the city themselves; the groups of other leagues and cities may be screened and approved by the leagues and cities which are entrusted by the region; and the groups of the departments directly under the autonomous region may be screened and approved by pertinent units of the regional foreign economic relations and trade department. Leaders at the departmental and bureau chief level (league and city level) of the economic and trade groups who are in charge of foreign affairs and economic and trade work may be screened and approved by the aforementioned units which have the authority to screen and give approval, and other leading cadres at the departmental and bureau chief level

and the top party and government leaders of leagues and cities should be screened and approved by the autonomous regional government.

State, collective, and private enterprises within the autonomous region will be allowed to establish nongovernmental shops (companies) in the open ports to develop small-scale nongovernmental trade if they have obtained the approval of the leagues and cities where the ports are located.

Border trade enterprises are permitted to sell all imported commodities according to market demand and price changes except for the commodities of the first category under the control of the state. Exports of commodities will be decontrolled except for those which require the licenses issued by the state. Regarding such export commodities, the autonomous region should collect data and present an itemized report to pertinent State Council departments for examination and approval.

Enterprises of all categories of the autonomous region as well as leagues, cities, banners, and counties and enterprises outside the region may all establish ties with the border trade companies, foreign trade companies, and international cooperation companies of the region which have foreign trade authority and develop economic relations and trade, contracts for construction projects, and labor service cooperation with the CIS, Mongolia, and East Europe through such measures as establishing branch companies (business departments), conducting joint business, doing commissioned business, and establishing border trade groups.

The power to establish organizations will be delegated to lower levels. Regarding the establishment of the organizations of leagues, cities, banners, and counties, governments at all levels are entrusted to screen and approve it and report it to the next higher level for the record as long as the number of the staff of the organizations determined by higher levels is not exceeded. Pertinent regional departments should strengthen guidance and provide on a regular basis the methods and experiences of various localities to leagues, cities, banners, and counties for their reference.

Regulations incompatible with the aforementioned requirements should be straightened out and abolished. With the delegation of economic and trade authority to lower levels, corresponding responsibilities should also be assigned to leagues, cities, banners, and counties. All localities should have a high spirit of responsibility to apply the various policies successfully and flexibly. In addition to delegating economic and trade authority to lower levels, the autonomous region will also formulate preferential policies to encourage and attract domestic and foreign business firms to invest in development or do business in our region.

While successfully shifting the government function this year, we should carry out in a down-to-earth manner the yearly activities of improving work style. The autonomous regional People's Government has designated the year of 1992 as one for improving the work style. It is imperative to carefully organize the activities and score practical results from them. A correct policy decision and a correct arrangement only mean the beginning of success, and a great deal of

arduous work will follow. The key to improving the work style is whether we can make vigorous and earnest efforts. We should regard opposition to formalism as a breakthrough in changing the work style of organs. We should enable the people to discern that excessively large and long meetings, speeches full of empty rhetoric, red tape, and other practices reflecting formalism are, in essence, the expression of bureaucracy, and we must resolutely oppose them. We should make a greater determination to eliminate excessive documents and excessive meetings and enable leading comrades at all levels to get rid of unnecessary social activities and to concentrate their efforts on studying the whole situation of economic and social development and on rendering services to grass-roots units, production, and the people. In this way, government organs will establish a practice of attending to practical work, making earnest efforts, and scoring practical results. We should intensify the education on the concepts on the masses and services in government organs and do a better job in maintaining administrative honesty focusing on correcting the malpractice in various industries and trades so as to enable the party's fine tradition to be steadily carried forward and the work style of organs to be notably changed.

Fellow deputies! The current reform and opening up are in a new and important period of development. Let us firmly seize the excellent opportunity to rely on and lead the people of various nationalities throughout the region to boldly conduct reform and opening up under the leadership of the CPC Central Committee, the State Council, and the autonomous regional party committee; to wholeheartedly develop economic construction; to unite as one in successfully conducting the work in various fields; to resolutely live up to the great expectations of fellow deputies and the people of various nationalities across the region; and to celebrate the 45th anniversary of the founding of the autonomous region and usher in the successful convocation of the 14th CPC Congress with outstanding achievements.

### **Liaoning Government Work Report**

*SK1605222292 Shenyang LIAONING RIBAO  
in Chinese 15 Mar 92 pp 1-3*

[Work report of the Liaoning Provincial People's Government, delivered by Governor Yue Qifeng at the fifth session of the seventh provincial people's congress on 7 March]

[Text] Fellow deputies:

On behalf of the provincial people's government, I will make a work report to the current session for examination and discussion, and ask members of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC] and the non-voting participants to voice their opinions.

### **1. Review of 1991 Work**

Last year was the first year of implementing the Eighth Five-Year Plan and the 10-Year Program, a year of experiencing extremely conspicuous problems and contradictions in economic life, and a year of forging ahead in unity to effect a new favorable turn in the economy. During the past

year, under the leadership of the provincial party committee, we conscientiously implemented the guidelines of the seventh and the eighth plenary sessions of the 13th CPC Central Committee as well as the central work conference, studied the instructions on Liaoning's work given by leading comrades of the CPC Central Committee and the State Council, further unified ideas and enhanced morale, and adopted a series of policies and measures to overcome many unexpected difficulties. Thanks to the joint endeavor of the people of all nationalities in the province, the economic rectification task was basically fulfilled; the economic situation developed in a good direction; new achievements were scored in all undertakings; social and political stability was effected throughout the province; and the goals defined by the fourth session of the seventh provincial People's Congress were basically accomplished, with some accomplished in a way better than expected at the beginning of last year, thus making a new beginning for fulfilling the Eighth Five-Year Plan.

A bumper harvest was reaped in all crops, and economic strength of the rural areas was bolstered steadily. We actually put agricultural development first in economic work, conscientiously implemented various rural policies of the party, continued to deepen the rural reform, cut the overly high proportion of grain purchased based on contract, and reduced unreasonable burdens. Despite the serious financial shortages at all levels, we increased the expenditures on agriculture by 17.2 percent. We positively reformed the cropping system and readjusted its structure, with wheat output reaching 500 million kg. We went all out to carry out the farmland capital construction, with irrigated farmland increasing by 1.09 million mu. We extensively conducted the campaign of invigorating agriculture through scientific and technological means, with the acreage contracted by agricultural science and technology groups reaching 23.21 million mu, and the acreage where plastic mulching sheets were applied reaching 1.06 million mu. Last year, the province topped 15 billion kg in the gross grain and soybean output for the first time, setting a record high, and beginning a new stage. Forestry, animal husbandry, sideline production, and fisheries continued to increase. The areas artificially afforested increased by 21.7 percent over the previous year, total meat output went up by 15.3 percent, aquatic products output went up by 7.2 percent, and the total agricultural output value went up by 3.2 percent. During the flood season last year in particular, in line with the principle of combining storage with discharge, with focus on storage, the province stored 800 million more cubic meters of water, thus creating favorable conditions for agricultural production this year.

Industrial production picked up steadily, and results were achieved in the work of controlling production to reduce the stockpiling of goods and promote the sales of readily marketable goods. We conscientiously implemented a series of policies on invigorating large and medium-sized enterprises; profoundly launched the "year of activities stressing quality, variety, and efficiency"; carried out enterprise rectification; resolutely grasped the clearing-up of "debt chains"; vigorously controlled production to reduce the stockpiling of products; paid attention to readjusting product mix; and

energetically developed new products, thus effecting a favorable turn in industrial production which had been at the lowest level over the previous two years. The industrial output value at or above the township level went up by 7.2 percent over that in the previous year, of which, heavy industry went up by 8.6 percent, and light industry went up by 3.9 percent. Income from the sales of products by the industrial enterprises covered by the provincial budget went up by 17.3 percent, and the profits and taxes generated by these enterprises went up by 16.7 percent. The funds tied up by finished products, by the goods shipped in transit, and by the receivable and advance payment for goods, which were covered by the accounts opened by state enterprises in industrial and commercial banks, were 3.38 billion yuan less than at the end of June, and the situation where too much funds were tied up by enterprises was changed. In 1991, the province cleared up a total of 17.7 billion yuan of "debt chains," thus initially bringing the constantly expanded debt chains under control.

The structure of the investment in fixed assets was improved, and technical transformation was accelerated. Fixed asset investment of the entire society showed a 17.8-percent increase over the preceding year; construction of key projects was accelerated; and the investment in the energy industry, raw materials, transportation and telecommunication, agriculture, scientific research, and housing construction was also increased. The investment in technical transformation, which declined in the preceding three years, successively, registered a 28.6-percent increase over the preceding year. The structure of transportation was adjusted, and the volume of cargo and passengers transported showed new growth. Post and telecommunications service was further developed.

Township enterprises developed speedily, and the urban collective economy maintained a good growth trend. Conscientiously implementing the instruction of leading comrades of the State Council that Liaoning should speed up township enterprise development, all localities formulated their Eighth Five-Year plans and 10-year plans for the development of county, district, town, and township economies, issued some corresponding policy measures, and substantially increased loans to township enterprises, thus creating an encouraging situation throughout the province in which county, town, township, and village industries were greatly developed. The output value of township enterprises totaled 53 billion yuan last year, up 15.2 percent from the preceding year. Town and township industries registered an increase of 21 percent, and district and neighborhood industries an increase of 17.5 percent.

The province opened wider to the outside world and further developed the export-oriented economy. It continued to deepen the reform of the foreign trade system, began to establish the operating mechanism of independent responsibility for profits and losses, and brought the foreign trade system into initial balance, thus boosting the enthusiasm of all quarters and creating a new situation in the development of the export-oriented economy. The volume of exports was \$5.77 billion, up 3 percent from the preceding year, of which exports of local products totaled \$3.21 billion, exceeding \$3

billion for the first time and showing an increase of 27.7 percent. This effectively promoted the economic development of the province. The province used \$970 million in foreign capital and established 575 new foreign-funded enterprises of the three types to make the total number of such enterprises 1,686, of which 747 were already completed and commissioned. Their output value was 98.1 percent higher than the preceding year, and their foreign exchange earnings 1.4 times higher. Construction of the Dalian and two other open demonstration zones made new headway, and contracts for projects abroad and exports of labor and technology also yielded fairly good results. The province received 148,000 overseas tourists and earned 25.5 percent more foreign exchange over the preceding year. It also achieved new development in expanding overseas propaganda and strengthening friendly cooperation with foreign countries.

Revenues increased and the financial situation was relatively stable. The province's financial situation was extremely difficult last year, but thanks to the positive efforts of all quarters, the local revenue was increased by 3.5 percent over the preceding year when excluding incomparable factors, and the expenditure grew by 11.9 percent. When the revenue was set against the expenditure, there was a deficit of 1.1 billion yuan during the year. Because the Anshan Iron and Steel Company paid its overdue taxes and profits, the deficit was considerably lower than expected early that year. Savings deposits of various types increased continuously, and urban and rural people's savings deposits rose by 28.9 percent. The structure of loans was further improved. Insurance business developed continuously, and the premium of domestic and foreign insurance services totaled 2.23 billion yuan, up 26 percent from the preceding year.

Commodity circulation was vigorous, and urban and rural markets were thriving. The province deepened the reform of the circulation system and achieved improvement and development in the circulation pattern of which state and cooperative commercial units remained predominant and the various sectors of the economy and the various measures for business were developed, and which was characterized by multiple channels and fewer intermediate links. Farm product trading markets and consumer material markets were improved and expanded continuously; technology, labor service, information, and stock markets made new headway; and special markets for grain, meat, medicinal herbs, and bearings were established one after another. A network of markets at different levels which had ample supplies of commodities and enjoyed brisk sales took shape gradually. The province by and large achieved self-sufficiency in the supply of pork, the prices of meat and vegetables were decontrolled, and the prices of nonstaple foods remained stable with some decline. The province's commodity retail sales rose by 11.1 percent, and the price index by 4.1 percent.

Scientific and technological progress continued, and many scientific research results were turned into productive forces. The enforcement of the strategy "having science and technology make the province prosperous" enabled the

people to comprehend science and technology and the need to rely on scientific and technological progress to promote the economic and social development. The strategy struck root in the hearts of the people as well as resulted in some ways and forms of organically integrating the economy with science and technology. The province scored 3,800 scientific research results last year, and those with applications accounted for 66 percent. Large and medium-sized enterprises started more than 700 projects for developing high and new technologies. The construction of the scientific and technological park, the "123 Project," the "Spark Plan," the "Prairie Plan," the "Bumper Harvest Plan," and the "project" of dressing warmly and eating one's fill achieved new development. The province scored certain achievements in activities to have science and technology make enterprises prosperous and to foster enterprises that have taken the lead in science and technology.

Education, culture, public health, and physical culture and sports undertakings achieved stable development. The province basically enforced compulsory education for primary school; in localities whose population accounts for a half of the province's total population, it enforced compulsory education for junior middle school. The province made greater achievements in developing secondary vocational and technical education, and a large number of vocational middle schools in rural areas have become the local "leading schools" of having science and technology make agriculture prosperous. The province readjusted the structure of higher education; continuously increased its input in education; and made new achievements in the undertakings of culture and arts, journalism and publication, and radio and television broadcasting. A large number of good literary and artistic works loved by the masses and that reflect the views of the age were created, published, presented, and shown. The development of medical morality and morale was enhanced, the medical level and service quality were upgraded, and the construction of the three-level medical and health care network in rural areas and of central public health centers were brought to the people's attention. Physical culture and sports undertakings reaped a large-scale bumper harvest. The total number of gold medals won by the province's athletes in both domestic and international events ranked the province first in the country. The province's family planning work was listed as advanced, and its birth rate and population growth were lower than the level set in the plan. The province scored new achievements in archives and annals work.

The education of popularizing the law was deeply and extensively carried out, and the construction of democracy and legal systems was strengthened. The "second five-year plan" of popularizing the law was smoothly enforced and the pace of legislation was accelerated. The province as a whole formulated 160 local laws, regulations, and rules and cleared up the standardized documents enforced over the past 10 years. The province also launched extensive activities for running cities in line with the law and formulated the plan of conducting the administrative work in line with the law. The province also actively promoted the activities of consolidating public security comprehensively. It regarded stopping robbery as a main task. It dealt strict blows at

crimes and better protected the economic construction and the development of social undertakings. It did more work in national defense, militia affairs, and the people's air defense and made new progress in the Army-civilian campaign of building advanced units. The unity fostered by various nationalities increased, and the work concerning Overseas Chinese affairs, religious affairs, civil affairs, and the people's petitions scored new achievements.

The supervisory and auditing work was enhanced and the construction of administrative honesty made new progress. The province deeply launched the struggle against the corrupt by regarding the building of administrative honesty and the enforcement of supervisory work as an emphasis. Procuratorial organs at all levels throughout the province registered and handled 2,324 cases violating the law and discipline, such as seeking personal gains by taking advantage of power, embezzling public funds, accepting bribes, and indulging in moral degeneration. Thus, the breeding and spreading of some corrupt phenomena were somewhat curtailed. The work of correcting malpractices and consolidating the "three arbitrary collections" scored new effects. The province did more auditing and supervisory work, discovered 163 million yuan of illegal money that deserved to be handed over to the state, handed over 142 million yuan to the state, and enhanced the construction of systems and the enforcement of financial and economic disciplines.

Residents in both urban and rural areas increased their incomes, and the people's livelihood was somewhat improved. The province made job arrangements for 275,000 jobless people last year and surpassed the annual plan. The per capita housing acreage of urban residents increased from 6.3 square meters in 1990 to 6.5 square meters in 1991, and the strained situation in water, power, and gas supplies and in traffic was somewhat relieved. The per capita living income of urban residents was 1,542 yuan, a 4 percent increase over 1990, excluding the factor of price hikes; the per peasant net income was 896 yuan, a 5.3 percent increase over 1990, excluding the factor of price hikes.

The paths that we took in the previous year had to do with the reform and opening up in the past 13 years. This made us deeply understand that the line, principles, and policies made since the third plenary session of the 11th party Central Committee are completely correct. If we do not persistently take economic construction as a key link, adhere to the four cardinal principles, or persistently conduct reform and opening up, there will be no such gratifying situation and it will be impossible to take a turn for the better in the economic situation. In carrying out government work, we paid attention to proceeding from the reality of Liaoning, unswervingly implemented the basic line of the party, and did a lot of work in coordination. First, we conscientiously studied and implemented the instructions on the work of Liaoning made by the leading comrades of the party Central Committee and the State Council; proceeded from reality; reexamined the previous work and the attitude toward difficulties; daringly touched on the subjective reasons creating the grim financial and economic situation; stressed the necessity to further emancipate the mind,

mobilize the enthusiasm of the people, turn our eyes inward, and tap potential; made efforts to overcome the fear of difficulties in laying more stress on the strained macroeconomic situation; and laid a firm ideological foundation for overcoming difficulties. Second, on the basis of conducting large-scale investigation and study, we further deepened our understanding about the provincial situation as well as both advantages and disadvantages of Liaoning, and conscientiously summed up the experiences and lessons in handling the relationship between urban and rural areas, between industry and agriculture, between light industry and heavy industry, between large and small enterprises, between capital construction and technological transformation, between speed and efficiency, between production and circulation, and between different departments and different regions. Under the leadership of the provincial party committee, we determined the "four-priority, one-guide, and one-link" economic development strategy; positively pioneered new economic growth points; and defined the major orientation for bridging over the strained situation and rejuvenating Liaoning. Third, we fully estimated and understood the difficulties and contradictions that could possibly crop up through economic cooperation, remained sober-minded, were prepared for the worst, and strived to gain the best. We adopted a series of measures for deepening reform and organized the forces on all fronts, and strived to gain the initiative in bridging over the strained circumstances. Fourth, according to the arrangements of the provincial party committee, last year, we concentrated time on consolidating the thinking, work style, and discipline of some functional departments of the provincial government; further balanced their relations; and promoted the implementation of the work in various spheres. The achievements made in 1991 resulted from our efforts to persist in these important guiding ideologies and the concerned efforts and arduous struggle of the people. Simultaneously, we could not separate these achievements from legal supervision by the provincial people's congress. In the past year, the provincial government was supervised and helped by the provincial CPPCC committee, various democratic parties, mass organizations, and various social circles; enjoyed the great support of various central departments; and enjoyed the kind assistance of the People's Liberation Army units stationed in Liaoning and the armed forces units. Meanwhile, the vast number of patriotic Overseas Chinese; compatriots from Hong Kong, Macao, and Taiwan; and friendly foreign figures have enthusiastically and sincerely showed concern for the work of the government. On behalf of the provincial people's government, I extend my lofty respects and heartfelt thanks to them.

At the time of fully affirming the achievements, we should clearly understand that the deep-layered contradictions conditioning the provincial economic development for a long period of time have not fundamentally been solved yet. The overall social production is still operating along the orbit of high input and low output. The major indicator is that we fundamentally fail to improve the economic results or

change the strained financial situation. This is a concentrated reflection of the long-term, deep-rooted economic problem and also results from the reaction of both subjective and objective reasons.

First, industrial structure and product mix remained irrational. Although agriculture registered substantial development in the past few years, county and township economic strength and foundation remained weak; the tertiary industry, especially commodity circulation, was still a weak link in the economy; and the proportion of light industry and textiles in the entire economy continued to decrease. The quality and property of more than 50 percent of our industrial products remained average or backward in the country and lacked competitive advantage. Second, enterprises were seriously aging. A group of large and medium-sized enterprises was built before the 1950's or 1960's. The major technology and equipment level of key enterprises and the net value of the province's fixed assets were notably lower than the national average, and the profits retained by local budgetary enterprises dropped to the lowest level in our history, making them unable to renovate and develop themselves. Third, our way of thinking and our concepts and ideas were still incompatible with the needs in the development of the planned commodity economy. In doing work in the past, we sometimes lacked understanding of the changing situation of the province and were often entrenched in our original advantages, thus slow in understanding and taking action for accelerating technical transformation and structural adjustment and for strengthening management. In the process of reform and opening up, we lacked foresight and courage in exploration; the spirit to blaze new trails, conduct experiments, and take risks bravely; and the ability to apply the reform method to resolve the difficulties and contradictions in economic development, and often pinned our hopes on the state's macro regulation and control. Regarding the projects whose worth we were sure of and the reform measures which had proven successful after practice, we lacked steadfastness in carrying them through to the end, being too prudent but lacking boldness. We were hesitant at one moment and stagnant due to too many misgivings at another and were dilatory in handling some issues, thus failing to turn the ideas and plans compatible with Liaoning's conditions into reality. Our problems in economic work showed that we had yet to firmly embrace the idea of taking economic construction as the central task, did not do enough in emancipating our minds, lacked strong sense of reform and opening up and high spirit, and were still fettered by "leftist" ideas. In addition, our work did not deal enough with corruption; the unhealthy trends in some trades; the arbitrary collection of fares, fines, and donations; and public security problems, about which the masses had many complaints. We should pay great attention to all these problems, make conscientious efforts to solve them, and strive to make government work still more successful.

## 2. Major Tasks for 1992

This year is crucial for consolidating and developing achievements in economic improvement and rectification and for further improving the province's financial and

economic situation. The current changing, complicated, and turbulent international situation has brought us not only some new contradictions but also many opportunities for our development. In the country, with the basic completion of the tasks of economic improvement and rectification and, especially, through conscientious study and implementation of the series of Comrade Deng Xiaoping's important theories on building socialism with Chinese characteristics, reform will be further deepened, the endeavor of opening up will be further expanded, a new developing trend will emerge in the economy, and social demand will gradually become vigorous. To Liaoning Province, where industry accounts for a large proportion, this poses an excellent opportunity for accelerating development and raising its level. However, due to the influence of our ideas, work foundation, economic structure, and managerial system, we lag rather far behind advanced localities. If we do not strive with determination to bring about a fundamental turn for the better in the province's financial and economic situation in three to five years, the difference between our province and advanced localities will be further widened. The province's economy is faced with a very crucial period. We should have an adequate understanding of this and enhance our sense of urgency, mission, and responsibility. We should both fully estimate our difficulties and problems and value the favorable conditions amid unfavorable factors, and take the initiative in seizing the opportunity to continuously promote the economy in a good direction and catch up with the developing pace of the country.

The situation requires us to resolutely mobilize the people of various nationalities throughout the province to understand and earnestly implement the series of important expositions of Comrade Deng Xiaoping with regard to building socialism with Chinese characteristics; to fulfill the tasks put forward at the Seventh and Eighth Plenary Sessions of the 13th CPC Central Committee and at the work conference of the CPC Central Committee; to unswervingly implement the party's basic line; to uphold economic construction as a center; to consolidate and develop the achievements scored in improving the economic environment and rectifying economic order; to enlarge the strength and content of reform; to implement the principle of "one grasping and three bringing alongs"; to continuously do a good job in dealing with the relationship among various sectors in economic work; and in line with the economic development strategy set forth by the provincial party committee, to clearly discern the situation, heighten spirits, carry out much ideological emancipation, be very bold, and be faster. Efforts should be made to regard the work of increasing economic results as a center and science and technology as a vanguard; to further strengthen the agricultural foundation and vigorously wrest a bumper agricultural harvest; to regard as an emphasis the work of shifting the mechanism, readjusting the structure, and accelerating the reform; to adopt all ways and means to successfully boost large and medium-sized enterprises; to vigorously develop township and neighborhood enterprises and steadily reinforce the practical strength of the economy at county-level districts, townships, and villages; to open up more and to improve the export-oriented economy to a new level; and to

continuously enliven the commodity circulation to promote the prosperity of both urban and rural economy. We should adopt every way to have the economy and finance achieve a turn for the better as soon as possible, vigorously enhance the construction of socialist spiritual civilization, and continuously push forward the province's undertakings of socialist modernizations.

In line with this guiding ideology, we have again formulated, readjusted, revised, supplemented, and perfected the province's "10-year program and the Eighth Five-Year Plan (draft)" on economic and social development and have submitted the improved program and plan to the session of the provincial People's Congress for discussion and approval so as to enable them to conform with the province's reality. Major fighting targets and basic tasks for the coming 10 years are as follows: On the premise of rationally readjusting the structure and increasing economic results, the province's gross national product, calculated in terms of the 1990 fixed prices, will reach 170 billion yuan by the end of this century; its national income will reach 136 billion yuan; its total industrial output value will reach 311 billion yuan; its total agricultural output value will reach 41 billion yuan; and its foreign exchange earned through exports will reach \$8 billion. The yearly average increase of gross national product during the 10-year period will be 5.8 percent, that of national income will be 5.7 percent, that of total industrial output value will be 6.4 percent, that of total agricultural output value will be 3.5 percent, and that of earning of foreign exchange will be 12.3 percent. The province will prefulfill the target of quadrupling the economic plan; its economic structure will be readjusted; and its basic industries of agriculture, energy resources, water resources, communications, and post and telecommunications will be further enhanced. Tertiary industry will achieve faster development. The proportion of agriculture, light industry, and heavy industry will tend to become harmonious. Large-scale industries, local industries, and collective- and individually-run industries will help each other move forward. The allocation of regional productive forces will tend to become reasonable. The province will have the stable grain output of 165 million kg, its total output value of township enterprises will reach 120 billion yuan, its technical renovations will score obvious effects, its pace in the development and application of high and new technologies will be accelerated, its level in industrial technologies will further improve, and the image of its products will incur marked changes. The province's economic results will increase greatly. By the end of the Ninth Five-Year Plan period, its financial revenues will reach 24.5 billion yuan, and the yearly average increase in this regard will be 7 percent. The people's material condition will steadily improve. The province will strive to realize the level of being better off ahead the schedule during the Ninth Five-Year Plan, after the transition from the level of dressing warmly and eating one's fill, which started during the Eighth Five-Year Plan period. In line with the state demand, the province will basically establish the new systems of the socialist planned commodity economy and the operational mechanism suitable to the combination between the planned economy and market regulation. The construction

of socialist spiritual civilization will reach a new level; the undertakings of science, culture, and education will achieve new development; the quality of all laborers will be upgraded; and the construction of socialist democracy and legal systems will be further improved.

Based on such targets, we will, beginning now, adopt effective measures and take practical steps to further accelerate economic development under the prerequisite of improving economic efficiency in order to push the economy to a new level through a few years' endeavor. This year, the provincial GNP and the national income should show an increase of 4 percent and 3.5 percent over the previous year. The gross grain and soybean output should be stabilized at 15 billion kg, the output value of township and town enterprises should go up by 10 billion yuan, and a comprehensive bumper harvest in agriculture should be ensured. Meanwhile, the income from sales by industrial enterprises should increase by 6 percent, profits and taxes generated by such enterprises should increase by 8 percent or more, and the amount of deficits should be curbed by 20 percent. The investment consumed in fixed assets should be 32 billion yuan, the export volume of local products should reach \$3.5 million, and new headway should be made in utilization of foreign investment. Financial revenues should go up by 4.7 percent, and the deficits should be controlled within 750 million yuan with great efforts. The value of retail sales of commodities should show an increase of 8.6 percent, and the general index of retail prices should be controlled within 6 percent. New progress should be made in all social undertakings. On the basis of striving to develop production, we should effect a new improvement in the living standards of urban and rural residents.

A. We should accelerate technological transformation, invigorate large and medium-sized state enterprises, and try every possible means to beef up industrial production.

Large and medium-sized state enterprises are the major pillars of the national economy, the main sources of financial revenues, and the major material foundation for ensuring social stability and economic development. Industrial production this year should be focused on invigorating large and medium-sized enterprises, improving economic efficiency, changing mechanisms, readjusting structure, accelerating transformation, and expanding markets in order to make industrial production continue to develop in a good direction.

We should accelerate technological transformation. This is the most practical and fundamental way to invigorate large and medium-sized enterprises, and is also the place wherein lies the hope of Liaoning's economy. We should seize the current favorable opportunity and adopt resolute measures to firmly grasp the technological transformation of enterprises. We must conscientiously implement the guidelines of the central work conference and firmly implement the policies and measures on invigorating large and medium-sized state enterprises. We should implement, as quickly as possible, the policies on increasing depreciation funds, circulating funds, and technology development funds; on abolishing the energy, transport, and key projects construction funds and the budget regulation funds; and on lowering

the rate of income tax. We should unfailingly grasp the experimental work for reappraising fixed assets of 50 enterprises and for reasonably drawing compensatory funds in order to ensure that sufficient funds will be supplied for technological transformation. In line with the principles of high technological content, high market capacity, high added value, high foreign exchange revenue, low energy consumption, and low material consumption, we should exert great efforts in improving the levels of technological equipment and production technology. We should emphatically grasp a number of major and key products which are competitive in markets, a number of products applying new and high technology, and a number of products yielding a great deal of foreign exchange. This year, we should concentrate on ensuring that 55 key technological transformation projects are completed and pass the acceptance test, starting construction of 50 major technological transformation projects, and having the 31 completed projects attain the production targets. We should emphatically support 100 small but powerful enterprises which produce minor commodities, have large markets, and have vast prospects for development. We should choose a number of large and medium-sized enterprises, which are urgently needed by the state but would probably go bankrupt without the state support, and then conduct renovation to rescue them through thorough rectification and preferential policies. We should establish and perfect the responsibility system of making leading cadres assume responsibility for and ensure the fulfillment of technological transformation tasks, should integrate the acceleration of technological transformation with the perfection of the enterprise contracted management responsibility system, and should incorporate technological transformation to the range of contracts. We should strengthen the regulation and control over the overall situation of technological transformation, avoid duplicated import and construction, and strictly guard against the practice of expanding production by increasing input in the name of carrying out technological transformation.

We should be determined to carry out structural readjustment. All enterprises should develop production according to the demands of the markets at home and abroad; organize production according to the demands of markets and consumers; develop new, special, and famous-brand name quality products; and promote the upgrading and updating of products. It is necessary to readjust the structures of old products and overstocked products. The enterprises with surplus production capacity and stockpiling of finished products and suffering losses should resolutely be closed down, suspended, merged with other enterprises, and shift their lines of production. Meanwhile, we should readjust the structure of new products and speed up the development of small and medium-sized enterprises, light and textile industries, and town and township enterprises. We should link the structural readjustment with technological transformation and the reduction of overstocked products. Based on last year's figure, this year, the province should reduce 10 percent of the funds tied up in finished products, goods shipped in transit, and receivable and advanced payment for goods. We should stop the supply of production elements for enterprises that continue to produce unsalable and

overstocked products. Leaders of the enterprises suffering serious losses should assume responsibility for the deficits. We should be determined to organize the organizational structure of enterprises, wipe out various obstacles, and strive to make essential progress in organizing enterprise associations. We should positively develop economic cooperation with other provinces and cities and achieve economic and technological cooperation.

We should strengthen enterprise management. So far, a considerable number of enterprises failed to upgrade their economic results due to their poor management. So, we should foster the concept of seeking quality, higher production levels, and economic resources through management. Based on achievements in the trial consolidation of enterprises in 1991, this year, we should comprehensively consolidate enterprises with the focus on money-losing enterprises. We should start with consolidating the leading bodies of enterprises; rely on staff and workers; strengthen the basic work relating to quality, goods and materials, equipment, financial affairs, and labor; and carry out such modern management methods as quota cost and value engineering. We should conscientiously solve the problems resulting from extensive management, relaxed labor discipline, poor product quality, waste and losses, and low economic results, and increasingly strive to make more enterprises attain, as soon as possible, the "six-force standards." We should further strengthen the awareness of quality, foster the concept that quality is the life of enterprises, regard the improvement of product quality as a great matter relating to further accelerating industrial production, and noticeably improve the quality of key trades and major products. We should firmly attend to the work of turning deficits into profits and concentrate efforts to help 100 enterprises whose individual deficits exceed 5 million yuan turn deficits into profits. It is necessary to solve the problem of enterprises making false profit-earning reports but suffering losses in reality. We should assign targets and measures for reducing and turning deficits to profits for cities, trades, departments, bureaus, and enterprises; sign contracts of responsibility for turning deficits into profits with each level; and make strict assessments.

We should achieve the construction of key projects and increase the returns on the investment. This is a key method for ensuring a sustained, steady, and harmonious development of the economy. According to the requirements for structural readjustment, we should concentrate investment on supporting key capital construction projects. On the basis of guaranteeing the nearly completed and continued key projects, the province should give priority to ensuring the construction of farmland water conservancy projects, the development of science and technology and education, the construction of urban infrastructural facilities, and housing construction. This year, we should concentrate efforts on grasping the continued large and medium-sized projects, develop pre-phase preparatory projects for new state projects and large construction projects, and build Guanying reservoir and water and power supply projects for eight cities. We should positively support the development of high and new-tech projects and intensive and precision processing projects with higher starting points,

vast technological content, less investment, and faster economic results. We should improve urban auxiliary facilities and realistically attend to the maintenance and construction of flood-combating and drainage projects, roads, gas supply projects, public communications projects, and projects to supply central heating that are closely related to the technological transformation of enterprises and the livelihood of the people. We should positively develop the building industry, strive to improve the quality of the building industry, and ensure the completion of quality projects on schedule.

We should greatly develop transportation and accelerate the construction of telecommunications projects. In transportation for the Eighth Five-Year Plan period, we should give priority to east, west, and north Liaoning while achieving success in building the high-grade highways already decided. This year, 1,700 km of county and township roads should be asphalted, and the technical level of county and township roads should be raised so that more roads can remain open to traffic despite rain. While successfully improving the existing large harbors, we should accelerate construction of small harbors and wharves and actively develop fleets that have ships of all sizes to tap the potential for marine transportation. We should strengthen the coordination and management of transportation. Railway, highway, air, sea, and pipeline transportation should be closely coordinated, and the proportion of through transportation should be increased to improve comprehensive transportation capacity and efficiency. We should strive to improve our telecommunications capacity, further develop urban telephones, comprehensively complete the "2127" rural telecommunications project, and make telephone service available in every village within this year or next. We should speed up the Beijing-Shenyang-Harbin optical fiber telecommunications project to lay a solid foundation for improving the quality of the province's telecommunications network. We should strive for new improvements in the outlook of the localities whose transportation and telecommunications are seriously backward this year.

B. We should strengthen the fundamental position of agriculture and consolidate and develop the excellent rural situation.

Agriculture is the foundation for economic development, social stability, and national independence. As Liaoning's industry accounts for a large proportion and its agricultural foundation is weak, it is particularly important for the province to strengthen agriculture. We should earnestly learn from the historical lesson of neglecting agriculture after bumper harvests and never become unrealistically optimistic just because of the bumper harvests of the past two years. We should continue to strengthen agriculture, which is still weak, adhere to the principle of "actively developing diverse production while never slackening grain production," develop the high-yielding and high-efficiency agriculture, firmly embrace the idea of combating disasters to reap bumper harvests, and ensure an all-around bumper harvest this year.

We should continue to stabilize the responsibility system with household-based contracts linking remuneration with

output as the major form and improve the dual operation system combining unified operation with independent operation. Because the systems are the party's basic policies for rural areas and compatible with the current level in the development of rural productive forces, we should keep them stable and continuous. Regarding the contracts already established for land and other trades, we should not rashly change those which are basically reasonable and with which the masses are fairly satisfied. Regarding those that need to be adjusted, we should adjust them prudently in line with relevant regulations and the opinions of the majority of the masses. At present, unified operation remains rather weak in many localities. While stabilizing the household-based contracted operation, we should gradually replenish it and successfully combine the advantage in unified operation with the people's enthusiasm resulting from the household-based contracted operation. We should actively develop and improve the socialized service system for agriculture and, starting with the services needed most urgently by peasants, actively create favorable conditions to extend single-item service to multiple service and then to coordinated service before, during, and after production. We should gradually establish a network of service units of various ownerships, various forms, various channels, and various levels, which are based on rural collective or cooperative economic organizations, backed by specialized economic and technological departments, and supplemented by the service units run by peasants to realistically undertake the projects which cannot be developed or cannot be developed successfully by peasants individually and those which are not worthwhile to be developed by them. We should gradually expand the strength of the collective economy and lead peasants to the road of common prosperity.

We should continue to invigorate agriculture through scientific and technological means. We should further study how to integrate agriculture, science, and education, and should gradually establish a mechanism conducive to the rural scientific and technological progress, educational development, and agricultural invigoration. We should stabilize and strengthen the ranks of scientific and technological workers in the forefront of agriculture, should actually strengthen the scientific research work, should perfect the scientific and technological popularization system at the four levels in the rural areas, and should successfully grasp the large-scale group contracting of science and technology which serve agriculture. We should further carry out the "Bumper Harvest Plan," the "Spark Plan," the "Prairie Fire Program," the "project of building 100 science and technology demonstration villages, 20 science and technology demonstration townships, and three science and technology demonstration counties," and the "project of ensuring the people a life with enough food and clothing." We should extensively offer technological training for peasants, vigorously popularize applicable technology, and increase the science and technology content of agricultural products. This year, the acreage subjected to the agricultural science and technology group contracting should be stabilized at 24 million mu and the acreage applying plastic mulching sheets should reach 1.5 million mu. We should pay attention to the study, production, popularization, and utilization of high-efficient

and applicable agricultural machines to gradually improve the level of the mechanization of agriculture. We should continue to choose and dispatch city vice mayors, county deputy heads, and township deputy heads who are in charge of scientific and technological work, and organize scientific and technological personnel to go to poverty-stricken areas to support the poor by applying scientific and technological means.

We should strive to increase input in agriculture. Despite the extremely serious financial shortages, the provincial financial department should spend more funds on agriculture than last year. In the capital construction investment provided by stand-by financial resources in the localities, the proportion of the investment in agriculture should reach 30 percent in the province and 40 percent in cities. In counties, even more funds should be invested in developing agriculture. Bank credit should continue to be inclined to agriculture. The proportion of bank credit used to aid agriculture should be higher than last year's. We should further exploit the role of rural collectives and peasants as the main investors in agriculture. In the areas where township and town enterprises have developed rapidly, we should increase the proportion of township and town enterprises which develop industry to support and build agriculture. The agricultural development fund and various other funds specially earmarked for agricultural development, which have already been defined, should all be raised in full and be used in a good manner. We should actually lighten the burdens on peasants. We should positively guide peasants to use their private funds to expand reproduction as far as possible. At the same time, we should mobilize forces in all fields and develop industries to vigorously support agriculture. We should do a good job in supporting the poor and helping the poor cast off poverty; should give positive support to the economic development of the eastern, western, and northern parts of Liaoning; and should give rise to a prevailing atmosphere of vigorously supporting agricultural production.

We should successfully grasp comprehensive agricultural development. Because our province is rich in natural agricultural resources and is great in potential, it is completely possible for the province to attain self-sufficiency in grain through great and unremitting efforts. We should have confidence and determination. Agricultural development should be focused on transforming middle- and low-yield farmland, on readjusting cropping structure and reforming the cropping system in line with local conditions, on increasing the multiple crop index, on expanding irrigated farmland, on carrying out scientific farming, and on increasing the per-unit yield of crops with a view to improving the quality of production. At the same time, agricultural development should be focused on positively developing and utilizing the barren land, mountains, water areas, and beach areas which are suitable for developing agriculture, forestry, animal husbandry, and fisheries in order to expand the range of production. We should continue to vigorously build the farmland capital construction

and ecological environment in order to improve the conditions for agricultural production. Focusing on building high- and stable-yield farmland, we should build water conservancy projects to prevent floods and drain waterlogging, should expand the scale of irrigation to combat drought, and should attend to water and soil conservation. In the course of harnessing major rivers, we should accelerate the harnessing of middle and small rivers, reasonably develop underground water, and fully retain ground water. This year, the province as a whole will increase the irrigated land by 1 million mu and will harness soil erosion by 2 million mu. We should continue to grasp the building of the five major shelter-forest systems. At the same time, we should strictly control the consumption of forest resources and optimize ecological environment so as to build a green defense for agricultural production.

We should actively develop the diversified economy and continue the good job in grasping the "vegetable basket project"; adequately develop vegetable production in the reserved farmland; increase the production of fresh and fine vegetables; and engage in the production and supply of nonstaple foodstuffs, such as meat, poultry, eggs, milk, and fish. We should also adequately develop the production of cotton, oil-bearing seeds, and cash crops. By using the strong points of mountainous areas, a good job should be done in grasping the production of famous trade-mark, fine quality, and local special products, such as fruits, nuts, and herbal medicine. Efforts should be made to develop the resources of animal husbandry and fodder industries and to enhance the construction of livestock bases while encouraging thousands upon thousands of households to do a good job in livestock production. By using the favorable opportunity in which the state plans to develop "two islands and one bay" in the province, we should accelerate the pace in building the province into a "Liaoning on the sea". Efforts should be made to vigorously develop the raising and breeding undertakings along beaches, the resources of deep-going ocean fisheries, and aquatic production. We should realistically deal with the difficulties cropping up in the sales of grains and other farm and sideline products and make efforts to successfully process grains and to carry out intensive and precise processing among farm and sideline products so as to upgrade the whole benefit of agricultural production, to bring into play the supplemental role of the internal benefits of agriculture, and to protect the peasants' enthusiasm for grain production. We should further do a good job in running the state farms and bring into full play their model and leading role in the course of building modernizations. At present, a good job should be done in grasping farming preparations and spring farming and laying a solid foundation for reaping a bumper agricultural harvest this year.

C. We should vigorously develop township enterprises and enhance the practical strength of the rural economy.

The sudden development of township enterprises, which has come to the fore since the issuance of reform and opening up programs, has enabled the rural economy that has had a long standstill to achieve rapid development and has become one of the important signs cropping up in the building of socialism with Chinese characteristics. These enterprises

have not only dealt with the two knotty difficulties of "how to earn funds for development" and "how to make job arrangements for jobless people" but has also brought about changes in the unitary agricultural pattern; accelerated the readjustment of economic structure; brought along the development of a large number of small industrial zones, small towns, and satellite cities; provided a certain amount of funds for investment in social utilities; further enhanced the construction of socialist spiritual civilization; and played an incalculable role in shortening the gap between industry and agriculture and between urban and rural areas. It may be said that without the development of township enterprises there would be no current prosperity and stability in rural areas. Along with the passing of time, the position and role of these township enterprises will become obvious. One of the important reasons why our province's economic ranking in the country has steadily declined over the past few years and its financial and economic difficulties have been serious is the slow development of township enterprises. Although, in 1991 the province made a great step in developing such enterprises, it is still necessary for it to further upgrade its understanding; to deal with the problem of uneven development; by making use of the current heated trend of developing township enterprises and collective-run enterprises at district and neighborhood levels, to promote the work of improving the economy at county-level district and town-township levels to a new level.

We should vigorously develop township enterprises and enterprises at district and neighborhood levels. We must make use of our province's strong points—it has many large and medium-sized cities and enterprises, many higher educational institutions and scientific research units, and more abundant natural resources—and uphold the "road" of grasping urban development to bring along rural areas, grasping heavy industrial production to bring along light industry, and boosting large enterprises to bring along small ones. We should concentrate on successfully carrying out intensive and precise processing among farm, sideline, special local, animal husbandry, and aquatic products so as to enable them to increase their value; on utilizing the local natural resources to develop mining and building material industries under the unified plan and scientific guidance; on successfully conducting the auxiliary production of parts and carrying out product extension and spreading in order to render services for large industrial enterprises; on consuming the province's raw materials to develop finished products and small commodities; on earning foreign exchange through exports by developing labor-intensive and traditional handicraft products and products processed with the materials provided by foreign firms, assembled with the parts provided by foreign firms, and of high and new technologies; and on developing tertiary industry by improving the socialized service system and rendering services for urban areas.

We should accelerate the realization of the "221" project. This year, we should strive to make the total output value of township enterprises of seven counties (districts) exceed 2 billion yuan, 150 townships and towns exceed 100 million yuan, and 700 villages exceed 10 million yuan. Persistent

efforts should be made in "simultaneously developing township-run, village-run, combined household-run and household-run enterprises," boosting the enthusiasm of townships, villages, combined households, and individuals, and soundly developing individual and private economies. We should continue to uphold the principle of suiting measures to local conditions, giving different guidance, providing active support, advancing the work at each level, and accelerating development; and make sufficient, good and flexible use of the state and provincial preferential policies. The city outskirts and mining areas where township enterprises are rapidly developed, and areas along the Shenyang-Dalian Expressway should fully display their advantages; achieve great development and improvements; strive to raise quality, grade, and level; and change their township enterprises from labor intensive ones to technology intensive ones and from domestic-oriented ones to export-oriented ones. Areas with a certain foundation but where the level of development is not high should continue to seek great development and exert efforts to establish enterprises with a high starting point, advanced technology, and high efficiency. Areas where township enterprises are just initiated should all the more provide active support to promote their rapid development. We should steadily increase input in township enterprises. With the rapid development of township and neighborhood enterprises, banks should relatively increase their credit targets, and through various channels, establish a township enterprise development fund, implement the system of paid utilization of funds, and use them in a snowballing manner; we should organize the masses to collect funds and buy shares, expand the sources of funds, and guarantee that township and neighborhood enterprises will continue to maintain a high development trend.

D. We should place science and technology in the lead and channel economic construction to the orbit of achieving progress by relying on science and technology.

Science and technology are the primary productive forces. To enhance overall national strength, we have no choice but rely on science and technology. Liaoning is an old industrial base, and now it is in a crucial stage of technological transformation. Thus, advancing scientific and technological progress has become more pressing and important. Governments at all levels should firmly cultivate the ideology of relying on science, technology, and education to seek development, uphold the principle that "economic construction must rely on science and technology and scientific and technological work must serve economic construction," and realistically place science and technology in a leading place.

We should actively develop high and new technology and transform the traditional industries. Scientific research units and institutions of higher learning should consider readjustment of product mix and technological transformation as priorities in tackling scientific and technological problems, use high and new technology to accelerate the transformation of traditional industries, produce some high and new technological achievements in such aspects as

electronic information and technology, automation technology, biological technology, newly-developed materials, precision chemistry, medicines, energy conservation, and environmental protection, and develop a batch of high and new-tech enterprises. Based on the existing scientific research units, we should gradually establish 10 multifunctional engineering-technology centers to conduct scientific research, develop new products, and provide comprehensive technical services. We should further relax policy restrictions, simplify procedures, and successfully run the Shenyang and Dalian high and new technology development zones. Meanwhile, we should select some enterprises along the Shenyang-Dalian Expressway as experimental units for transformation with high and new technology, and gradually form a high and new technology development belt along Liaodong peninsula, continue to persist in developing enterprises through science and technology, and establish scientifically and technologically advanced enterprises. It is necessary to cultivate a guiding ideology of relying on science and technology to seek existence and development and establish and perfect the mechanism of technological progress among enterprises. Large and medium-sized enterprises should have "scientific and technological development plans, organs, and funds," and gradually become the mainstay of scientific and technological development. This year, we should select 200 new products created through scientific research that are technically mature and badly needed in the market and can yield noticeable economic returns and carry out technological transformation in an effort to promote the updating and upgrading of products.

We should vigorously promote the coordination between science and technology and the economy; further deepen the reform of the scientific and technological system; continue to decontrol scientific research organs; encourage scientific research units to enter enterprises and enterprise associations; manage enterprises on a contract and leasing basis; conduct cooperation with enterprises; develop an export-oriented economy; and positively run the economic entities linking science with industry and trade as well as with agriculture and trade. The scientific research units with conditions should positively develop technological exports; run Sino-foreign joint ventures; and do a good job in assimilating, absorbing, and improving the imported technologies. Meanwhile, we should pay attention to basic research, achieve the a reserve of technologies, and ceaselessly improve the scientific and technological levels. We should continuously decontrol science professionals and technicians, conscientiously implement the policies toward science professionals and technicians, resolutely overcome equalitarianism in distribution, daringly give handsome rewards and preferential treatment to science professionals and technicians, and also provide them with the necessary facilities and means for experimentation, support them in their inventions and creation, show concern for their political progress, improve their living conditions, eliminate their trouble back at home, and form a fine social environment of respecting knowledge and skilled persons. Scientific associations, technological associations, federations of retired science professionals, and civilian-run scientific research organizations should bring into full play their roles

in conducting scientific and technological consultation, making technological development, transferring the possession of technologies, and providing technological service. We should vigorously cultivate scientific and technological markets and positively organize large and medium-sized enterprises to enter scientific and technological markets and to become the major buyers and sellers technological commodities. We should further clear up and balance the channels for turning scientific and technological findings into productive forces, study and work out specific methods for linking production units with institutions of higher learning and research units, and promote the transformation of technological findings into commodities. We should pay attention to protecting the rights of intellectuals, strengthening patent work, and promote the popularization of patent technologies. We should increase input into science and technology and gradually form various kinds of scientific and technological input systems with the state, the collectives, and the individuals involved. At the time of developing natural science, we should pay attention to the study of social science to serve the provincial political, economic, and social development.

E. We should positively develop various kinds of markets and exert great efforts to enliven the circulation sphere.

Circulation is the basic condition and key link of social reproduction as well as a link to coordinate production with marketing, industry with agriculture, and urban with rural areas. The incomplete market system and the blocked commodity circulation are key reasons for affecting provincial economic development. Along with the development of the planned commodity economy and the establishment of the operational mechanism of linking the planned economy with market regulation, particularly along with the gradual decrease in the number of products covered in the provincial plan, the provincial industrial and agricultural production situation tends to improve and enlivening the circulation sphere becomes an extremely urgent task.

We should positively cultivate the socialist market system and concentrate efforts on building the setup of markets for means of production. The steel, casting, metal, nonferrous metal, petroleum, chemical industrial, and machinery trades should give full scope to their advantages; build markets for means of production; and build our province into a base for production of these products as well as a center for distributing these products and enlivening the local economy. The areas where conditions permit should positively run specialized markets for chemical fibers, plastic goods, and crude drugs. We should try every possible means to clear up the channels for farm products and daily industrial goods. This year, the state will expand the scale and content of reforming the grain purchasing and marketing system. So, we should achieve the trial reform and accumulate some experiences. Grain departments and enterprises should change their orbits and types to suit the demands of reform. Grain is a major farm product. Based on spot transaction, we should gradually develop forward contract and futures trade. We should positively develop and improve wholesale markets and country trade fairs for various categories of daily industrial goods and widen the

channels for marketing farm products to urban areas and sending industrial products to the countryside.

We should deepen the reform of the circulation system. We should resolutely overcome the old habit of stressing production to the neglect of circulation, embrace the concept of large-scale commerce, large-scale market, and large-scale circulation which is compatible with the socialist planned commodity economy, and further consolidate and develop the new pattern of circulation characterized by various ownerships, multiform businesses, multiple channels, and fewer intermediate links. We should give full play to the role of state and cooperative commercial units as the major outlets, learn from Chongqing's experience of "decontrol in four aspects," enhance the sense of competition, change the role of officials in commerce, and transform the operating mechanism to gradually turn state commercial units into commodity dealers doing business independently and responsible for their profits and losses. Supply and marketing cooperatives should truly serve as the cooperative commercial units of the masses of peasants and play a greater role in establishing and improving the rural socialized service system and enlivening the circulation of farm products. We should continue to encourage and support collectives and individuals to enter the field of circulation. Meanwhile, we should strengthen market management, protect the legal rights and interests of consumers and commodity producers and dealers according to law, and deal blows to illegal acts, such as dominating the market by cheating, forcing up prices, producing counterfeit and shoddy commodities, and evading and refusing tax payment, to maintain a good exchange order in the market. We should strengthen price supervision and inspection to keep market prices basically stable.

F. We should strive to further improve the financial situation, continue to enliven the turnover of funds, and invigorate the monetary work.

Financial difficulty remains to be the most conspicuous problem in the economic activities at the present and for some time to come. The basic way to solve it lies in developing the economy and improving large and medium-sized enterprises. However, because most of the large and medium-sized enterprises of our province are seriously aging and shoulder heavy tasks of technical transformation, they need a long period of financial support to rest and build up strength for accelerating technical transformation and restructuring and for enhancing the capacity for sustained development to become the sources of revenue and tax. Therefore, we should provide a fairly relaxed environment for the development of large and medium-sized enterprises however strained our financial resources are. Otherwise, when these enterprises, which have a bearing on the lifeline of the province's economy, collapse, not only will our source of revenue be blocked, but also the foundation for the socialist economy of public ownership will be shaken. Therefore, we should not expect these enterprises to provide more financial resources within a short period of time to maintain a high mandatory expenditure. Instead, we should use new ideas to probe new ways to solve this problem and make efforts to both broaden the sources of revenue and

reduce expenditures. On the one hand, we should open up new sources of revenue and taxes and, while improving large and medium-sized enterprises, strive to invigorate county and district enterprises, greatly develop township enterprises, and expand the economic strength of counties, districts, and townships. This is a strategic measure to improve Liaoning's financial and economic situation. Although it takes time, good results will be achieved when it is carried out successfully. On the other hand, we should greatly reduce the expenditure, cut down on various subsidies, and be determined to practice austerity.

At present, we should mobilize all trades and professions to carry out the "double increase and double economy" activities focusing on "quality, variety, and efficiency," make great efforts to achieve success in reducing deficits and increasing profits, and strive to increase production, practice economy, increase revenue, and reduce expenditure. We should further strengthen tax collection and management, persistently collect taxes according to law, and strictly control tax reduction and exemption. We should manage and use extrabudgetary funds still better and develop the role of such funds. We should strictly control expenditure. This year, we should reduce the number of financially subsidized counties by four and the financial subsidies by 20 percent, and the policy of using the reduced amount of subsidies to develop local economies should remain unchanged.

All counties should establish a strict responsibility system for reducing financial subsidies in line with this demand. We should clear up and rectify the subsidies of various types. The subsidies which should have been abolished should be abolished resolutely and those which should have been reduced should be reduced resolutely. Grain enterprises should keep abreast of the new situation in grain reform system, should open up new channels of production and management, and should strive to reduce losses of a policy nature. We should strictly control the increase in institutional purchases and overcome all extravagant and wasteful behaviors to plug loopholes in finance. In particular, we should tighten up the administrative outlay of state organs, rectify the size and staff of state organs, strictly define the range and standards for the wearing of uniforms, and vigorously curb meeting expenses in order to ensure that the administrative expenses will be curbed by 10 percent. We should make great efforts to reduce budgetary deficits of this year. In line with the state arrangements, we should pay attention to carrying out experiments for the reform of the tax distribution system and the double entry financial budget.

Financial departments should give full play to their important role in accelerating reform and supporting production and should attend to the regulation and control of the overall credit situation. At present, the province is, on the one hand, seriously short of credit funds, but, on the other hand, the results in utilizing credit funds are not good, leaving a large potential in this regard. Therefore, we must exert great efforts in accelerating the turnover of credit funds, optimize the credit structure, and improve the results in the utilization of credit funds in order to ensure that the

turnover of the circulating funds will be accelerated by 5 percent throughout the province. In line with the priorities of the provincial economic development strategy, we should continue to lean toward agriculture, technological transformation, township and town enterprises, those enterprises and products which conform to the industrial policies, and the key projects of the state and the province. We should make full use of credit as a lever to promote the work of clearing up "debt chains" and controlling production to reduce the stockpiling of products. We should positively search more sources of funds and continue to encourage urban and rural residents to save money. We should develop and perfect the monetary market and enliven the stock exchange. If possible, enterprises should positively issue on a trial basis the internal stocks which are not put on the market. We should further enliven the foreign exchange regulation market, expand the scale of foreign exchange regulation, vigorously develop insurance service, and open up more kinds of money-lending channels in order to alleviate the shortage of funds.

G. We should open still wider to the outside world and accelerate the development of an export-oriented economy.

Persistently opening to the outside world is the long-term basic national policy to make the country strong and the people prosperous, and is also a strategic measure to invigorate Liaoning's economy. Over recent years, although we have achieved very great results in opening to the outside world, we still have a long way to go compared with some advanced coastal areas, and are far from matching the province's place in the country's economy and the province's favorable conditions. At the same time, the pace of readjustment of export structure has not been big, the number of joint ventures involving foreign investment is not large, and the investment environment is not good enough. Viewed from the international situation or from Liaoning's position in northeast Asia or from the current national trend of opening still wider to the outside world or from the urgent demand of the province's economic development, we are all required to do all we can to catch up with the advanced by further emancipating the minds and accelerating reform. We should strive to make even more cities and counties join the scope of the opening of Liaodong peninsula and should make great efforts to run the self-funded development zones well in order to raise the opening onto a new level. We should accelerate the readjustment of the structures of export-oriented industries and products. We should persist in the strategy of winning victory through quality, develop production in line with the demands on international markets, and focus our production on expanding export to earn more foreign exchanges so that we can truly turn the province's industrial superiority into export superiority.

We should upgrade the capacity of machinery, electronics, metallurgical, chemical industrial, medical, and building material industries to create export and foreign exchange; and particularly increase the export of high-tech heavy industrial products, value-added farm, sideline, and special products, and intensive- and precision-processed light and

textile products. We should continue to grasp the construction of export bases and special plants and ensure the supply of goods for export. We should strengthen macroeconomic management, gradually set up the encouragement and restriction mechanism that is conducive to both multi-channel management and unified opening up, and realistically solve the problems of rushing to purchase at higher prices and competing for marketing at reduced prices some ordinary mineral products, such as magnesium and talcum. When consolidating and expanding the existing markets, we should further pioneer markets among some developing countries in Southeast Asia, Africa, the Middle East, Central America, and South America; pay particular attention to pioneering markets in the former Soviet Union and in East Europe; and develop various forms of border trade. We should positively expand foreign contacts and external propaganda, strengthen the management of the organs stationed in foreign countries, and strive to widely open cooperation spheres.

We should positively use foreign capital. We should dare to make contacts with foreign capitalists; bring in increasingly more foreign capital, techniques, skilled persons, and advanced management methods; and boldly use them. This year, we should use more foreign capital and run more enterprises involving foreign capital. We should strengthen the guidance of the policies on use of foreign capital; run enterprises with foreign advanced techniques and equipment and foreign capital; speed up the transformation of old enterprises; use foreign loans, particularly government loans; promote the readjustment of the economic structure; and also strictly set up a system of responsibility for borrowing, using, and repaying foreign capital. To suit the new situation of reform and opening up, we should vigorously develop enterprises involving foreign capital. Simultaneously, we should also positively explore the methods for management of these enterprises and ensure them to advance smoothly. We should further improve both tangible and intangible conditions for opening to the outside world, attend to the construction of auxiliary facilities necessary to the existing projects, improve work efficiency and service quality, and further enhance the attraction for foreign businessmen. We should unswervingly push large and medium-sized enterprises into international markets. The large and medium-sized enterprises with decision-making power to export should set up production and management mechanisms suitable to the changes in international markets; define the management concepts of having both international and domestic markets, capital, and natural resources; be sure that there are export products, cooperation partners, consumers, and management contingents; and ensure the fulfillment of the export and foreign exchange making tasks. All enterprises should initiate cooperation with foreign trade departments and the enterprises with decision-making power to export to market their products to foreign countries. We should vigorously develop a new type of foreign trade enterprise association where large and medium-sized enterprises play a dominant role; hot selling products are placed in the lead; foreign trade companies play a role as a bridge; and trade, industrial, and agricultural departments and technicians are shareholders.

The enterprises with conditions should take initiative in going out of the country and be brave to run various forms of trade, consultation, service, production, and management enterprises in foreign countries. Town and township enterprises should give full scope to their special features of having flexible management mechanisms and strong market adaptability to develop new readily marketable products and to create more foreign exchange. Foreign trade departments at various levels should foster a large-scale foreign trade concept, attend to the management of their own export, carry out the system of export on a commissioned basis, and help the enterprises without the decision-making power to export send their products out of the country. We should positively develop cooperation between industrial and foreign trade enterprises, between agricultural and foreign trade enterprises, between technological service units and foreign trade enterprises, and between various foreign trade enterprises so as to upgrade the competitiveness on the international market.

We should vigorously increase foreign exchange earnings through nontrade activities; uphold the principle of "keeping our promise, ensuring quality, seeking small profits, and attaching importance to loyalty"; follow the orientation of taking one undertaking as a main task and developing the diversified economy; and successfully enforce the contracting system among the state key projects and regional projects. The province plans to earn \$110 million through labor migration this year and will organize the multiple-function corporations and enterprise groups to go abroad to sign the contracts of labor services with foreign countries and to concurrently engage in the businesses of import and export, information, and transportation so as to upgrade the benefits of labor migration. We should regard the export of applicable technology to developing countries as a main fighting target. We should organize the foreign trade enterprises, large and medium-sized enterprises, scientific research units, higher educational institutions, and the forces of various social circles to develop technical exports; to export technologies to bring along the exports of equipment set and labor migration; gradually set up technical export systems with the integration of science, technology, the economy, and trade; and strive to realize \$100 million of foreign exchanges through technical exports. A good job should be done in earnestly launching the 1992 national tourist campaign; accelerating the development of tourist resources, tourist commodities, and international tourist markets; and further upgrading the service quality and the comprehensive capability of reception to bring along the development of relevant industries. The province plans to earn more than \$100 million of foreign exchanges through tourism.

We should accelerate the construction of three zones that have first opened themselves to the outside world and in line with their emphasis of development, accelerate the pace of construction. In particular, Dalian city should introduce the items with high technical contents and large standardized benefits; allow foreign business firms to engage in development in a stretch of land; make a new breakthrough in accelerating the construction of foreign-funded banks in the bonded zone; and bring into full play its "window case"

role in opening up and its "leading" role in exerting influence on domestic cities. It should pay attention to improving the grade, level, scale, and benefit so as to bring along the development of the export-oriented economy.

H. By regarding the shifting of enterprise managerial mechanism as an emphasis, we should reinforce the content of reform and accelerate the pace of reform.

Practice since the Third Plenary Session of the 11th CPC Central Committee has shown that after the basic establishment of socialist systems, we still should fundamentally revise the economic systems that are restricting the development of productive forces and establish socialist economic systems full of vitality so as to promote the development of productive forces. This means reform, and it is as effective as revolution in emancipating productive forces. Without the tremendous achievements in reforms, there would be no current social and political stability and economic prosperity. Without the acceleration of reform, there will be no long-standing peace and order in the country. The key to determining if the province can make marked achievements in economic and social development this year lies in the extent of steps taken by the province in reform. Leadership at all levels must correctly deal with the relationship among reform, development, and stability; support and safeguard reform; and vigorously create a macro climate for deepening reform. Efforts should be made to seize opportunities, reinforce the strength of reforms, accelerate the pace in reforms, conduct reform from beginning to the end in various work, move ahead daringly, boldly and truly engage in reform by accepting knotty problems, and realistically solve the contradiction and problems cropping up in the course of economic construction so as to promote the fulfillment of economic and social development plan this year.

We should deepen the enterprise reform and shift the managerial mechanism of enterprises. The vitality and fate of enterprises can be decided by their managerial mechanism. To date, the state has formulated relatively perfect policies and measures to successfully boost enterprises and particularly large and medium-sized ones and created a relatively flexible external environment. However, if the managerial mechanism of enterprises is not shifted, any good policy cannot be implemented and any flexible environment will not be helpful. Therefore, it is imperative to conduct comprehensive and coordinated reforms in various fields by regarding the shifting of enterprise managerial mechanism as an emphasis. The earnest implementation of "enterprise law" represents a legal guarantee for shifting the managerial mechanism of enterprises.

We should comprehensively and fully display the political core role of party organizations; uphold and perfect the plant director responsibility system and the leadership system of wholeheartedly relying on the working class; guarantee that the decision-making rights of enterprises in production management, organizational set-ups, personnel system, labor employment, and internal distribution will not be infringed upon; and enable enterprises to realistically become commodity producers and managers that can make their management decisions, take full responsibility for

their own profits and losses, and have ability to accumulate funds, to develop themselves, and to set restrictions for themselves. It is necessary to push enterprises to the market and establish a mechanism of existence and development guided by the market as quickly as possible because this is the basis for changing enterprise operational mechanism. Governments at all levels and their economic management departments should change functions, strengthen service consciousness, uphold the principles of separating government functions from business management and separating ownership from operational rights, reduce direct intervention in enterprises, and enable enterprises to change from relying mainly on the governments into ones that can find a footing in the market. Enterprises should enhance the concept of commodity economy, organize production, initiate sales and after-sales services in line with market demands, and form a pattern of which enterprises are market-oriented, products are changing in line with market demands, and efficiency is realized in the market. We should consider the in-depth reform of the personnel, labor, and distribution systems as the priorities of changing the operational mechanism of enterprises; smash the "guaranteed positions"; implement the cadre employment system; break the barriers between cadres and workers; select the best employees; and establish the cadre employment system of which cadres can be promoted and demoted from their positions dependent on their competence, the assessment system, and the award and punishment system. We should smash the "guaranteed jobs," further optimize the labor organizations, expand the scope of all-member labor contract system, and establish the labor employment system of selecting the best to assume posts and of promoting or demoting cadres according to their competence; and smash the "guaranteed wages." We should link distribution with one's position, competence, quality, and contributions; establish a distribution mechanism of which the wages of workers can be increased or decreased according to their performance; and give emphasis to assigning cadres to assume posts in the scientific, technological, production, and marketing sectors in an effort to make all competent workers work on the forefront. The provincial authorities should do a good job in comprehensively supporting reform experiments in 40 major enterprises. All localities and departments should concentrate their energy on grasping large and medium-sized enterprises that affect the overall economic situation and enable them to make big strides forward in changing their operational mechanism. We should further improve the enterprise contract system, realistically solve the problem of short-sighted behavior and taking responsibility for profits but not losses, actively promote the collective contract system and the system of all-member paying mortgage funds against risks, and unceasingly improve the system of linking the payroll of workers with economic efficiency, the award and punishment system, as well as the appointment and removal system of the enterprise legal entities. It is necessary to select large and medium-sized enterprises with fairly good conditions to try out the input-output overall contract system, the system of giving a free hand in management, and the

shareholding system, draw experiences from the experiments and gradually popularize them. We should be determined to gradually separate large and medium-sized enterprises from plant-run large collectives and allow them to implement the system of independent management and accounting and assuming full responsibility for their own profits and losses; all cities should rapidly place small enterprises which were originally managed by the city authorities under the management of neighborhoods where they are located and further enhance their vitality.

We should accelerate reform of the housing system and the social welfare benefits system. The provincial "urban housing system reform overall plan" has already been reported to the higher level for approval and will be promulgated during the first half of this year. All aspects should make good preparations, conscientiously study and solve the new situation and new problems emerging in the course of practice, and guarantee that actual results will be achieved. We should expand the scope of the unemployment insurance system, display its role, and promote the formation of a unemployment mechanism; conscientiously implement the guidelines of the State Council decision on reforming the enterprise worker old-aged pension system, expand the scope of collecting old-aged pension funds, and popularize the method of collecting such funds jointly by the state, the collectives, and the individuals; continue to successfully carry out and expand the experiment of old-aged pension system in "joint, cooperative, and foreign-funded" enterprises, private enterprises and individuals; and accelerate the pace of establishing old-aged pension system in the rural areas. Meanwhile, we should actively experiment with reforming the insurance system for wounded workers and the medical system.

We should further deepen the county-level across-the-board reform to increase the county-level economic strength. The weak economy, unwieldy organizations, excessive spending, and heavy financial burdens of counties and townships have become a problem so serious that we must solve it now. We should conscientiously learn from the experiences of other localities and actively probe ways to transform government functions, streamline their organizations, reduce financial subsidies, and institute the new county and township managerial system characterized by "small-scale government but large-scale service." Proceeding from their actual conditions, all localities should gradually separate some economic departments subordinate to counties from the government and allow them to develop various types of economic entities so that they will be better able to develop themselves with their own efforts and the enthusiasm of various quarters for increasing, accumulating, and managing financial resources can be boosted. Economic management and economic supervision departments of cities and counties which are stationed at lower levels should all be put under the leadership of the localities where they are stationed as soon as possible when conditions permit. Towns and townships where conditions permit should successfully build the "three stations and one coffer" to strengthen and improve the functions of grass-roots organs political power. We should further improve the managerial system whereby counties are put under the

administration of cities, effect a change in the major function from administration to economic assistance, and persist in the goal of "making overall planning, integrating urban and rural economies, supplementing each other with one's advantages, and achieving common development" to promote the common prosperity of urban and rural economies. We should accelerate urban reform, expand the urban economic strength, and develop the overall functions of cities.

We should rely on the masses to achieve success in reform. This year's reform projects are numerous and difficult, and many measures are closely related to the vital interests of the masses. Therefore, we should conduct extensive propaganda, education, and effective ideological and political work to make the vast number of cadres and the masses understand that reform is a process of self-improvement of the socialist system and is meant to liberate productive forces to the maximum and to ultimately raise people's living standard to a new level. However, we must never expect every specific reform project to bring everyone direct and instant benefits. We should correctly handle the relationship among the state, the enterprise, and the individual in terms of their interests, enhance workers' sense of participation and sense of responsibility as masters, and wholeheartedly rely on the working class and the masses to promote reform.

I. We should greatly develop education, culture, public health, and sports and step up efforts to build the socialist spiritual civilization.

Developing education, culture, public health, and sports is an important aspect of the endeavor to comprehensively improve the quality of laborers and promote the socialist spiritual civilization.

Education is the foundation for the development of vital and lasting importance. We should conscientiously attach strategic importance to education and develop it on a priority basis. Education should serve socialist construction and be coordinated with production and labor. We should adhere to the socialist orientation for running schools, educate students with modern history, contemporary history, and the national situation, and train morally, intellectually, and physically developed builders of and successors to the socialist cause. We should continue to enforce the "compulsory education law," make elementary education successful, further develop vocational education, and do a good job in adjusting the structure, level, and discipline of secondary schools, colleges, and universities. We should greatly develop rural education, intensify the training of the personnel needed by rural areas, increase the enrollment geared to what is needed in rural areas, and make sure that personnel needed by rural areas "can be recruited, can leave as they want, can be used, and will stay." Every county should make efforts to run one vocational school successfully. We should intensify and improve adult education, make preschool education, special education, and education of minority nationalities successful, and consolidate and expand the achievements in eliminating illiteracy. We should intensify the education outside schools, and all families and schools and the entire society should show

concern for the healthy growth of youngsters. We should make all types of teachers training schools successfully to comprehensively improve the quality of teachers. We should continue the activities of respecting teachers and emphasizing education and improve teachers' social status continuously. We should strive to increase educational investment, encourage society and the masses to collect funds to run schools, improve the education fund system, help schools in their work-study programs, and establish a good environment for and a common practice of supporting and developing education.

In culture and art, we should adhere to the orientation of serving socialism and serving the people and the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," pay attention to both rectification and progress, and let socialist ideas prevail on the ideological front. We should advocate the outstanding national culture and strive to create and present the literary and art works that are loved by the masses, that have national characteristics, and that encourage the masses to make progress. We should strive to train a contingent of literary and art workers who are both socialist-minded and vocationally proficient. We should hold mass cultural and art activities, strive to discover folk art, and provide more space for the mass cultural activities in rural towns. We should launch activities of "making cultural undertakings support cultural undertakings" and build and renovate cultural facilities in a planned manner. We should strengthen management of the cultural market and continue the antipornography struggle. While expanding the cultural exchanges with foreign countries, we should pay attention to guarding against the infiltration of bourgeois corrupt ideas and culture.

Press departments should adhere to the party's basic line and, with publicity of economic construction and publicity of positive examples as the focus, give correct guidance to and exercise effective supervision over public opinion. We should gradually expand radio and television coverage, enrich their programs, and improve the quality of the programs. Publication departments should put social benefit in the first place and publish more fine reading materials, especially the books, movies, and video works conducive to the healthy growth of youngsters. We should continue to enforce the "archives law," comprehensively raise the level in the management and utilization of archives, and further strengthen protection of historical relics and historical records.

In public health, we should continue the principle of "putting prevention first, relying on scientific and technological advance, mobilizing the entire society to participate, attaching importance to both traditional Chinese medicine and western medicine, and serving the people's health" and, while deepening the reform of the urban and rural public health systems and conscientiously solving the problems in medical ethics and styles about which the masses have many complaints, shift the work focus to the development of rural public health. We should pay attention to the technology, equipment, and housing maintenance of town and township hospitals, improve the rural three-level health care units, and change the rural situation in which medical treatment is

emphasized to the neglect of prevention and the shortage of doctors and medicines in remote areas. We should further strengthen enforcement of the laws concerning health work and the patriotic public health campaign, achieve success in preventing contagious diseases, endemic diseases, and occupational diseases, and do a good job in maternity and child care to ensure people's health.

We should continue to develop mass sports activities, comprehensively raise our sports competition level, make the sixth provincial games successful, and prepare well for the participation of the seventh national games.

We should intensify the education on the party's line among cadres and the masses and continue the socialist education in rural areas to enhance people's faith in socialism, make them adhere to the socialist road, and encourage them to wish for and march toward a fairly comfortable life. We should continue the activities to learn from such heroic and model persons as Lei Feng, Jiao Yulu, Han Yunna, and Bo Renshi. We should adopt various measures to intensify the education on social morality and professional ethics, transform social traditions, strive to train better educated and well-disciplined socialist citizens who have lofty ideals and moral characters, improve the ideological and moral quality of the entire nation, establish scientific, healthy, and civilized social practice, and raise the province's socialist spiritual civilization to a new level.

J. We should strictly control population growth and strengthen management over natural resources and environment protection in line with law.

Population, natural resources, ecology, and environment are the four problems facing mankind. We will contribute to the present age and benefit the future generations if we solve these problems. This year our province will face the third baby boom period, thus making the task of controlling population growth very arduous. Affected by the old custom that "it is unlucky to give birth in the year of sheep," 160,000 fewer babies were born last year. Most people want to give birth this year, which makes the family planning work more difficult. Governments at all levels should grasp family planning work as they did in economic construction. It is necessary to conscientiously implement the "Liaoning Provincial Family Planning Regulations"; extensively and deeply conduct propaganda and education on family planning, healthy births, and healthy upbringing, and good education; stabilize policies; do a good job in managing the population targets; and implement the responsibility system. We should place the work emphasis in the rural areas and grass roots, strengthen the building of technical service networks in counties, townships (towns), and villages, and make special efforts to attend to the family planning work in outlying and remote areas. It is necessary to resolutely prevent early marriage, early births, and unwanted births; guarantee that the annual birth rate and the natural population growth rate will be controlled below 15.9 per thousand and 10.4 per thousand respectively; strictly control the mechanical population growth; and continue to do a good job in the work related to old people.

We should resolutely implement the "land law," "forest law," "mineral resources law," "water law," "fishery law," and "marine resources law" and rationally develop and economize on the use of natural resources in line with national economic and social development. Efforts should be made to resolutely prevent illegal lumbering and mining and illegal damage to water conservancy facilities and water resources, and strictly investigate and handle law breakers. We should persist in implementing the system of paid utilization of natural resources, establish the system of cultivating resources, protect natural resources, and bring benefits to the future generations.

It is necessary to realistically strengthen environmental protection work; strictly implement a series of state laws, regulations, and decision on strengthening environmental protection; and combine the comprehensive utilization of natural resources and comprehensive environmental improvement with the comprehensive ecological construction. We should set a time limit for improving enterprises that cause serious pollution; and implement the principle of paying simultaneous attention to "designing, building, and putting into operation" the principal parts of projects and the environmental protection facilities while building new projects. Continued efforts should be made to beautify the urban and rural areas and to plant trees, and create a good living and work environment for the people.

K. We should strengthen democracy and the legal system and strive to implement the plans on running the province in line with law.

Building a high degree of socialist democracy and a perfect socialist legal system is the basic demand of upholding and perfecting the socialist system and a fundamental guarantee for political and social stability and economic development.

We should give full play to socialist democracy, further expand channels, and create more opportunities for the people to participate in administering state affairs and to supervise and help the government successfully carry out all fields of work. Governments at all levels should conscientiously report their work to the people's congresses and their standing committees of the corresponding level, resolutely implement their resolutions and decisions, and supervise law and work. It is necessary to strengthen political consultation with the CPPCC, receive democratic supervision, and maintain close ties with democratic parties, nonparty patriotic personages, trade unions, Communist Youth Leagues, women's federations, and other masses organizations, and conscientiously handle the motions, suggestions, criticism, and opinions raised by deputies and CPPCC members. We should establish and perfect the system of policy decision study and consultation, strive to make policy decisions democratic and scientific, pay attention to people's letters and visits, maintain close ties with the masses, and try by all possible means to create a social environment characterized by unity, stability and boosting of enthusiasm.

We should conscientiously implement the guidelines of the central nationality work conference, comprehensively implement the law of regional national autonomy and the policies toward nationalities, and positively cultivate national

minority cadres. We should speed up the development of economic, cultural, and educational undertakings in national minority areas. It is necessary to consolidate and develop the socialist national relations in the principles of equality and mutual assistance, unity and cooperation, and common prosperity; to further expand the patriotic united front; to continuously implement the policies on religions and Overseas Chinese affairs; to achieve the work toward Taiwan; and to promote the reunification of the motherland.

The socialist legal system is the reflection and guarantee of socialist democracy. Thus, we should resolutely implement the resolution on deepening the propaganda and education on legal system and administering provincial affairs according to law, as approved by the provincial People's Congress; conscientiously implement the legal administration plan of the provincial government; and deeply launch the campaign of conducting propaganda and education on the legal system with the "Constitution" and the basic law as the main contents. Leaders at various levels should consciously resist and overcome the tendencies of replacing the laws by words and power, of refusing to abide by laws, of not strictly enforcing laws, and of not trying to find out who violates the laws; play an exemplary role in enforcing and abiding by laws; and mobilize the vast number of the people to consciously observe laws and discipline. We should intensify administrative legislation; perfect laws and regulations; and regard improving state-owned large and medium-sized enterprises, strengthening agriculture's role as the foundation of the national economy, promoting technological progress, enlivening the circulation sphere, and retrenching expenditures as the focal points of legislation. We should give full scope to the functional role of administrative and law enforcement departments, set up the administration and law enforcement responsibility system, ensure the fulfillment of law enforcement tasks. We should set up and improve the mechanism of supervising and restricting administration and law enforcement work; encourage administrative organs at various levels to deal with the administrative work strictly according to laws; consolidate the administrative and law enforcement personnel contingents; and conscientiously solve the problems of abusing power for selfish gains, infringing upon the rights of citizens, neglecting duties, and bending the law for the benefits of relatives and friends. We should resolutely dismiss from their posts and strictly handle those who are incompetent for their law enforcement jobs, particularly those who violate the laws.

We should realistically strengthen the overall improvement of social order. We should grasp reform and opening up with one hand and deal blows to various kinds of criminal activities with the other hand. The work in these two aspects should be grasped firmly. Security and judicial and administrative organs at various levels should implement the principle of linking their special work with the mass line; fully exercise the right to the people's democratic dictatorship; realistically strengthen the struggle against the enemy; strictly deal blows to serious criminal offenders and economic criminals; and resolutely smash, if discovered, the criminal gangs and the gangs of hooligans in secret societies. We should resolutely eliminate the evil activities poisoning

the social practice, positively wage the struggle against thefts and "six vices," and purify the social environment. We should strengthen the people's democratic dictatorship and safeguard the achievements in democratic revolution. We should focus on consolidating and developing the stable and unified political situation, bring the overall improvement of social order into line with the two civilization plans of various departments and regions, and set up a strict leadership responsibility system. We should continuously persist in the principle that those who take charge of the work should assume sole responsibility and investigate criminal responsibilities as stipulated by laws and decrees. We should intensify the basic work of the grass roots and display the functions of such grass-roots organizations as villagers' committees, neighborhood committees, security committees, and mediation committees.

We should conscientiously implement the "Military Service Law," the "Law on Protection of Military Facilities," the "regulations on militia work," and the "Liaoning Provincial regulation on national defense education." We should strengthen the education on national defense, strengthen the sense of national defense, achieve the militia work, launch the Army-civilian "joint-civility" campaign, achieve the work of supporting the Army and giving preferential treatment to the family members of revolutionary martyrs and servicemen, and narrow the relationship between the Army and the government and between the Army and the people.

### 3. We Should Realistically Strengthen the Self-Development of Government Organs

The achievements in building government organs directly affect the progress of national economic and social development as well as the image and prestige of the party and the government. To strengthen the self-development of government organs, the most important thing is to conscientiously study Comrade Deng Xiaoping's series of important theses on building socialism with Chinese characteristics and to further enhance our consciousness in implementing the party's basic line. It is necessary to adopt the form of holding democratic activities and unceasingly deepen the study of these theses by summing up experience and lessons and in close connection with the reality of our ideology, work, and work style; uphold the principle of simultaneously studying and making rectifications, immediately rectify all exposed problems that can be rectified, take immediate actions if possible, further emancipate our ideology, greatly change our work style, and greatly improve our work and enable our reforms, opening up, and economic construction to witness quicker and better development.

We should always persist in taking economic construction as the central task. The party's basic line on "one central task and two basic points" is a summation of experiences of our country's socialist revolution and construction, and the action guidelines for building socialism with Chinese characteristics. No matter what changes in the national situation and what difficulties and dangers we may meet, we will unswervingly act according to this line and try by all possible means to push the national economy forward.

Particularly when peaceful evolution has been turned into reality in some countries, the development of productive forces has an especially important significance. We must pay attention to one central task and not two central tasks, must not have any interference, and must carry out economic construction with one heart and one mind. Economic or noneconomic work departments should all grasp the main melody of economic work, accelerate reforms and opening up, and make concerted and coordinated efforts in economic construction. It is necessary to correctly handle the relationship between departmental work and central work, between the interest of the party and the whole, and between the implementation of general principle and policies and specific regulations, consciously persist in making all fields of work submit to and serve the central task of economic construction, and use this as a fundamental criterion for judging all work.

We should further emancipate minds. This is particularly important to Liaoning. We should uphold the ideological line of seeking truth from facts; eliminate the influence of the concept of product economy; break the shackles of old systems; foster the concept of commodity economy; enhance the ideology of the market, competition, science and technology, reforms, and opening up; free ourselves from the mode of thinking of taking orders from high-ups and copying from books while doing everything; eliminate the "leftist" ideological influence; and actively promote the spirit of daring to blaze new trails and experiment. It is impossible for us to find a good and new way and to make accomplishments in some new undertakings if we fail to have courage to blaze new trails, to experiment, and to take risks. The situations in all localities across the country differ in thousands of ways, and the differences in all cities and counties in our province are big. It is impossible for the state and our province to make specific and detailed stipulations for all issues while making policies, or to make careful and accurate predictions for the new situations and new problems emerging in reforms and opening up. Attempting to find ready answers for all problems which we meet in our work from the clauses stipulated by the higher-ups is not realistic. We must closely combine the party's line, principles, and policies with local reality in line with the situations of our province and of various cities and counties, and let them display their own advantages, proceed from their reality while doing everything, and carry out their work creatively.

We should actively support and bravely explore all the moves that conform to the general principle and general policy of the party Central Committee and State Council and to the specific conditions of our own localities and departments and that help develop and liberate productive forces, enhance the comprehensive national strength, and improve people's living standard. We should bravely assimilate and learn from all the achievements in the civilizations created by human societies and all the advanced business and managerial methods in countries, including capitalist developed countries, that reflect the law governing modern socialized production. Instead of rashly negating all the new things emerging in reform and opening up that are not totally compatible with some regulations of a department,

we should allow experimentation so as to improve them continuously. Regarding some mistakes committed in the process of exploration, leaders at all levels should have the courage to hold the burden for the grass-roots levels, help them summarize experiences and learn from the lessons, and protect and develop the enterprising spirit of cadres and the masses who have the courage to conduct exploration so that something can be accomplished and created and progress made.

We should further uplift our spirits. Although we are faced with many difficulties that cannot be overcome for the time being, we have more methods than difficulties as long as we fully develop our subjective initiative, have morale and work drive, and maintain high spirits. We should have the sense of racing against time to make progress, the energy to press forward with indomitable will despite the difficulties, and the courage to carry through to the end the endeavor that we are sure is worthy. In particular, we should conscientiously summarize experiences and lessons and reexamine ourselves after studying Comrade Deng Xiaoping's series of important theories on building socialism with Chinese characteristics, have the courage to touch on the deep-seated problems resulting in the grim economic situation, and find out the subjective reasons for them, especially the reasons in our thinking and concepts. If we do not rest content with work achievements, nor sidestep problems already exposed or shield faults, and if we have the courage to make earnest efforts, tackle difficult problems, and carry out practical work, we will be able to open up a new situation in the work of our own localities and departments.

We should further step up efforts to build a diligent and clean government. Government leading comrades at all levels should continue to intensify the study of Marxist theory, conscientiously improve their own leading bodies, learn to use scientific world outlook and methodology to analyze the situation, have the ability to consider issues from the political angle and from the viewpoint of the overall situation, raise the awareness in implementing the party's basic line and preventing peaceful evolution, guard against bourgeois liberalization, and enhance faith in building socialism with Chinese characteristics. We should persist in building the two civilizations simultaneously, strengthen ideological and political work, educate government personnel to serve the people wholeheartedly, clarify their idea on for whom they have power and work for, enhance their enterprising spirit and sense of responsibility, and improve the political quality of the contingent of cadres. Governments at all levels should include the endeavor to build a clean government on their agenda, and leading organs and leading cadres, in particular, should take the lead in setting an example in maintaining honesty. They should step up efforts to establish necessary systems for building a clean government, make their work public, and take the initiative in subjecting themselves to the supervision of various quarters. They should conscientiously implement the guidelines of the circular of the party Central Committee and State Council on strictly banning lavish wining and dining and gift giving with public funds and resolutely check the evil trends of lavish wining and dining and gift giving with public funds, unauthorized issuance of

bonuses and subsidies in kind, travel with public funds, and waste and extravagance. They should continue to check arbitrary collection of fares, fines, and donations and establish and improve regulations and systems to consolidate the achievements in rectification to truly lighten the burden on enterprises and peasants. They should continue to check the unhealthy trends in some trades and exert efforts to eliminate the unhealthy trends in the administrative and law-enforcement supervision departments, economic management departments, and public utilities departments, especially financial and construction departments. They should strictly punish according to law and disciplinary actions the corrupt and degenerated elements who abuse power for selfish gains, embezzle and take bribes, extort money, and violate laws and discipline and should carry out some work in punishing corruption that lives up to the masses' expectations.

We should realistically grasp and implement all fields of work. Empty talk will hold up state affairs and solid work will make the country strong. We should make up our minds to improve the work style and work method; resolutely check the unrealistic work style of giving too many empty talks but doing too little practical work and giving too many general calls but giving too little specific guidance; actively advocate the spirit of exerting real efforts, doing solid work, and seeking truth from facts; and attain the goal that all things are managed and implemented by the people and that all plans are turned into reality steadily. It is necessary to resolutely prevent unrealistic formalism and stop all sorts of impractical inspections, criticism, and competitions; resolutely overcome red tape, clear up periodicals and brief reports, and stop publishing periodicals and periodicals for internal circulation that do not have practical value; resolutely oppose the practice of telling lies, giving empty talks, reporting good news but not worries, practicing fraud and cheating the higher and the lower levels; resolutely check the bureaucratic work style of doing things dilatorily, shifting responsibility onto other people, and disputing over trifles; resolutely oppose the decentralism of each acting on its own; strengthen the sense of organization and discipline; enforce all orders and stop all prohibitions; and guarantee the smooth enforcement of all government orders. We should conscientiously solve the problems of having too many meetings, documents, and social activities and enable leading comrades at all levels to free themselves from "numerous documents and meetings" and too many routine activities, to become deeply aware of the reality so as to conduct investigation and study, sum up fresh experiences, and study the new situation and solve new problems emerged in reforms and opening up, and concentrate efforts on implementing the work. Government departments at all levels should establish work connections with the grass roots, and leaders should at least devote one-third of their time every year to working in the grass roots. We should care for the hardships of the masses, listen to their voices, solve the problems with which they are concerned in a down-to-earth manner, and mobilize and organize cadres of government organs to the rural areas to support the poor areas and to help enterprises end deficits and grass roots solve

problems. Government organs should change their functions, streamline organs and simplify administration, raise work efficiency, implement the strict target management responsibility system, further clearly define the work and responsibility scope, the work standard and the work objectives of each and every department, make them more specific, and conduct regular inspections and appraisals. It is necessary to sign letters of responsibility to contract the task of fulfilling the major affairs decided by the government, to assume responsibility for giving service and implementing the work, and to follow it through to the end. The provincial government will break down the "government work report" of this congress session item by item, clearly assign units and people to take charge of the work, clearly define the demands and the time for fulfilling the tasks, carry them out one after another, and establish and perfect the strict inspection supervision and feedback system.

Deputies, during this year challenges and opportunities will coexist, and difficulties and hopes will be present. The key to successfully fulfilling all tasks is determined by our work. Although we will meet many difficulties and problems, we will also have many favorable conditions. We have the economic basis established since the founding of the country, particularly since reforms and opening up; a series of principles, policies, and measures formulated by the central authorities on reforms, opening up, and economic construction since the third plenary session of the 11th party Central Committee; and the valuable experiences accumulated by the masses of people in the course of reforms and opening up and the tremendous enthusiasm they displayed. As long as we rally more closely around the party Central Committee with Comrade Jiang Zemin as the core under the leadership of the provincial party committee and the supervision and support of the provincial People's Congress, emancipate minds, enhance spirit, advance despite of difficulties, and engage in arduous struggle, we will surely make new achievements in the province's reforms, construction, and socialist development to greet the successful convocation of the 14th Party Congress.

### **Qinghai Government Work Report**

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[Qinghai provincial government work report delivered by Qinghai Provincial Governor Jin Jipeng to the Fifth Session of the Seventh Provincial People's Congress on 22 April 1992]

[Text] Dear deputies:

On behalf of the People's Government of Qinghai Province, I report to you and present for your deliberation the Outline of the 10-Year Program and the Eighth Five-Year Plan for the National Economic and Social Development of Qinghai Province. I also ask members of the Chinese People's Political Consultative Conference [CPPCC] Qinghai Provincial Committee to air their views.

The 1990's represent a very crucial period in the socialist modernization and construction of our province. In accordance with the plans of the party Central Committee and the

provincial party committee, the provincial government convened a meeting in March 1990 to draft the 10-Year Program and the Eighth Five-Year Plan, and also to map out concrete arrangements. This was followed by a vast amount of work conducted by different areas and departments. Various democratic parties, relevant experts, and scholars also actively participated in the discussions in which they offered many invaluable suggestions. In July 1991, the Seventh Plenary Session of the Seventh Qinghai Provincial Party Committee adopted the "Proposal of the CPC Qinghai Provincial Committee for Formulating the 10-Year Program and Eighth Five-Year Plan for the National Economic and Social Development of Qinghai Province." It was on this basis that the provincial government drew up the "Outline of the 10-Year Program and Eighth Five-Year Plan for the National Economic and Social Development of Qinghai Province (Draft)" in line with the series of important expositions by Comrade Deng Xiaoping on building socialism with Chinese characteristics and based on the requirements defined in the "Outline of the 10-Year Program and Eighth Five-Year Plan for the National Economic and Social Development of the PRC" adopted at the Fourth Session of the Seventh National People's Congress. The provincial government hereby submits it to the congress for its deliberations. The formulation and implementation of the "Outline" will certainly encourage the people of all nationalities in the province to raise their spirits, work in unison to promote the sustained growth of national economic and social endeavors, and exert themselves in the struggle to triumphantly realize the second-step strategic objective.

### **I. Starting Point of the 10-Year Program and Eighth Five-Year Plan**

Since the Third Plenary Session of the 11th CPC Central Committee, the people of all nationalities in the province have made fairly rapid strides in national economic and social endeavors by taking into consideration the realities in Qinghai, focusing on economic construction, upholding the four cardinal principles, persisting in reform and opening up, and resolutely taking the path of building socialism with Chinese characteristics. We completed the Sixth and the Seventh Five-Year Plans with success, and basically achieved the first-step strategic objective of doubling the 1980 gross national product, thereby laying down a fairly solid foundation for the realization of the second-step strategic objective in the 1990s.

—Reform and opening up deepens gradually. On the basis of stabilizing and perfecting the system of contracted responsibilities on the household basis with payment linked to output, the system of livestock raising contracted to households, and the contracted grassland system in the countryside and pastoral areas, a management system in which unified management is combined with separate management was gradually established along with a collectivized service system. On the basis of streamlining operations, delegating powers, reducing taxes, and allowing for profit retention, enterprises attained remarkable results in management contracting, carried on with the deepening of their internal reform,

and continued to inject more vigor into themselves. All kinds of coordinated reform developed steadily, while the markets related to capital, technology, labor, means of production, and others began to flourish. An economic structure, dominated by the system of public ownership but also allowing for the presence of various economic sectors, started to take shape. The pace of opening up to the outside world quickened, while the areas of economic and technological cooperation as well as horizontal economic association with advanced regions continued to expand. The experimental civilian and ethnic economic reform zones and the Golmud experimental resources development zone, which were established in succession, are taking off in a sound way.

—The task of economic rectification and improvement is fundamentally completed. Based on the elevation of the national economy to a new level in the last two years of the Sixth Five-Year Plan and the first three years of the Seventh Five-Year Plan, we smoothly carried out economic rectification and improvement in line with the central authorities' plan. After more than three years of relentless efforts, we were able to curb the drastic increase in total demand, maintain steady growth in the national economy, rectify market discipline, achieve market prosperity and basic price stability, improve the scale and method of macroeconomic regulation and control, and thus create more favorable conditions for sustained and steady growth of the national economy.

Foundations in agriculture and animal husbandry are boosted. All localities adhered to the strategic measure of strengthening foundations in agriculture and animal husbandry as a means to promote sustained national economic growth by tightening guidance in agriculture and animal husbandry, increasing input into these two industries, and firmly seizing capital construction related to agriculture and animal husbandry. By implementing measures like comprehensive development, farming regions were able to reverse a situation characterized by years of shrinking cultivated land area, and, instead, increased the sown area steadily and raise production capacity of grains and edible oil by a fairly high margin. Meanwhile, pastoral areas improved their production conditions and enhanced their anti-disaster capacity by fencing grassland and building livestock sheds, promoting artificial grass planting and better livestock breeds, and stepping up control and treatment of livestock diseases as well as pests and rats in pastoral areas. A number of advanced scientific and technological findings were popularized and applied in agricultural and animal husbandry production, leading to a higher level of "scientific planting" and "scientific raising of livestock" in the countryside and pastoral areas. Township and town enterprises as well as different kinds of business operations advanced steadily, promoting the growth of a commodity economy in rural and pastoral areas.

—Reserve strength for industrial development is boosted, while infrastructure is improved. With regard to a number of key state and locally funded projects which bank primarily on the local strength in resources, such as

the Longyangxia hydroelectric station, the Liji Xia hydroelectric station, phase one and two of the Qinghai aluminum plant, the Xitieshan lead and zinc plant, phase one of the Qinghai potassium fertilizer plant, phase one of the Minhe magnesium plant, and three petroleum-related projects, work has either been completed and the projects put into operation or work has begun. All these have boosted the reserve strength for industrial development by raising the province's production capacity in energy and raw materials industries by a fairly big margin. Through technological upgrading, sectors like metallurgy, machinery, light industry and textile, foodstuffs, and construction were able to raise their production capacity and technological level, step up the pace of product development, and enhance their ability to adapt to the market. Construction and renovation projects involving the Qinghai-Tibet railway, Qinghai-Tibet highway, Gansu-Qinghai highway, Caojiabao airport, and others, were completed one by one, while post and telecommunications facilities were improved, all creating conditions for further national economic development.

- Science and technology, education, and other kinds of social endeavors flourish and grow. By insisting on orienting scientific and technological undertakings toward the main battleground in economic construction, major results were obtained in scientific research projects like the comprehensive application of the Yanhu resources, remarkable achievements scored in the "Spark Program", and the pace of converting science and technology into real productive forces accelerated. The education endeavor advanced steadily, with basic education bolstered and the rate of school age students going to school rising continuously; the structure of secondary school education underwent a rational readjustment, while the scope of vocational and technical formation expanded annually; readjustment of the higher level of education and professions also bore results as adult education, literacy drives, and ethnic education developed soundly, producing a large amount of new talent for the construction endeavor as well as raising the quality of workers. Progress was also achieved in literature and the arts, press and publication, broadcast and television, health and education, and all other types of social endeavors, while great results were obtained in family planning work, thus contributing to the building of the two civilizations.
- People's livelihood is improved remarkably. During the 10-year period, the per capita net income of peasants and herdsmen grew by 2.4 times, and the per capita living expenditure income of urban and rural residents, by 2.7 times. After discarding the price factor, the people's livelihood still showed a fairly high degree of improvement. By the end of 1990, the per capita savings balance of urban and rural residents reached 594 yuan or 7.7 times higher than in 1980. The housing condition of urban and rural residents showed marked improvement, while 90 percent of the people in poverty-stricken areas have basically solved the problem of having adequate food and clothing.
- Economic strength is boosted remarkably. The 1990 GNP stood at 6.62 billion yuan, representing an average

increase of 7.08 percent over the past decade based on comparable price calculations; national income reached 4.93 billion yuan, an average annual increase of 6.75 percent; total output value in industry and agriculture stood at 7.98 billion yuan, an average annual increase of 7.35 percent. In the 10-year period, the total volume of retail sales grew at an annual rate of 12.8 percent, import and export trade volume at 23 percent, and local financial revenue at 15.9 percent. The outstanding growth in local economic strength provided a better condition for economic and social development in the 1990s.

The year 1991 marked the first year in the implementation of the 10-Year Program and the Eighth Five-Year Plan. Thanks to the efforts of all parties, the entire province achieved a GNP of 7.258 billion yuan or 4.7 percent higher than the previous year; it also attained a total industrial and agricultural output value of 8.829 billion yuan or 3.76 percent higher than the previous year. The entire economic and political situation continued to advance in a good direction. With five successive years of bumper harvest in agriculture, grain production stood at 1.146 million metric tons, and edible oil production at 132,000 metric tons, both setting record high levels; four years of steady growth were recorded in the animal husbandry industry, with a total of 4.639 million additional livestock for the entire year and an increase of 1.94 percent in the amount of livestock on hand at the end of the year over that of the previous year; industrial production grew steadily, with production of most raw and semifinished materials as well as products in support of agriculture higher than the previous year, while the slide in economic results was arrested; the amount of fixed assets investment was 7.65 percent higher than that of the previous year and construction of key projects proceeded smoothly; internal and external trade continued to expand, while market prices were basically stable; new progress was achieved in reform and opening up; all kinds of social endeavors flourished further as the entire province enjoyed political, economic, and social stability. All these achievements came from efforts exerted in the struggle by people of all nationalities in the province. At this point, on behalf of the provincial people's government, I wish to extend the highest greetings to workers, peasants, herdsmen, intellectuals, and cadres fighting on the different battlefronts as well as to the patriotic personalities of all circles! I also wish to extend the most heartfelt gratitude to the fighters and commanders of the People's Liberation Army troops based in Qinghai and the armed police force who have contributed to the construction of Qinghai!

Dear deputies! We have scored enormous achievements in economic and social development in the 1980s, but because Qinghai is situated in a far and remote area, has been backward and underdeveloped for a long period of time, and has yet to resolve the deep-seated problems of development in a planned commodity economy, the existing problems and obstacles are still very prominent. These problems are primarily as follows: Poor production conditions in agriculture and animal husbandry, and low production capacity for people's basic necessities like grain and foodstuffs; readjustment of the industrial product mix is slow, operational and management levels of enterprises are low,

material consumption is high, and economic performance is weak; railway transport capacity is insufficient, social infrastructure backward, and construction capital in short supply; administrative units and institutions are overburdened, with the number of personnel soaring too quickly, nonproductive expenditures are excessively high, and the imbalance in financial revenues and expenditures is striking; science and technology as well as education are relatively backward, and workers relatively unqualified to engage in commodity production and management. At the same time, reform and opening up has stagnated in our province, while this and that kind of problem continue to exist in our work, all of which have brought an unfavorable impact to economic and social development. We should also see that given the current difficulty in state financing and the coincidence of the Eighth Five-Year period with a debt repayment peak, it is hard for the central authorities to increase financial subsidies to our province. Hence, we should see through the problems more clearly, and actively overcome them by taking into consideration the prevailing situations in all localities in order to open up a new situation in modernization and construction.

While our province will encounter many problems and difficulties in economic and social development in the 1990s, it is also endowed with many favorable conditions. (1) The series of important expositions by Comrade Deng Xiaoping on building socialism with Chinese characteristics as well as the basic theories and guidelines on reform and opening up and economic construction which were scientifically concluded by the party Central Committee and the State Council since the Seventh Plenary Session of the 13th CPC Central Committee and the Fourth Session of the Seventh NPC have spelled out the correct policies and guidelines for reform and opening up as well as economic construction in the future, and also pointed out the direction and boosted our confidence. (2) Following the explorations and practical undertakings of the 1980s, the entire province, from top to bottom, has deepened its understanding of its own prevailing condition and has also obtained a clearer idea on the implementation of the economic development strategy of "revitalizing Qinghai through reform and opening up, poverty alleviation and wealth production, and exploitation of resources." (3) Thanks to the strength that our province enjoys in terms of energy, raw and semifinished materials, and animal husbandry resources, it has acquired a fairly good material condition after more than 40 years of hard work and pioneering endeavor since liberation, and has laid down a relatively satisfactory foundation for sustained development in the 1990s. (4) In the coming decade, the state will map out an economic plan which integrates preferred industries with preferred regions in line with the principle of overall planning and rational distribution, and thus enable our province to secure some key state engineering projects and give better play to our edge in resources. (5) The central decision which provides that economically developed regions should, through agreements or contracts concluded with economically underdeveloped regions, use different means, like the introduction of experience, transfer of technology, personnel exchanges, and capital and material

support, to help these economically underdeveloped regions promote their economy on the basis of mutual benefits—this has provided a new opportunity for our province to develop economic and technical cooperation as well as horizontal economic association further with the more economically developed coastal provinces and cities. (6) Having the entire country and the province enjoying political and social stability, peace of mind for the people, and unity among all nationalities, and with the people of all nationalities of one heart and one mind in the endeavor to build socialist modernization, has created an excellent social environment for us.

This is the starting point in our implementation of the 10-Year Program and the Eighth Five-Year Plan. The road ahead presents both opportunities and hopes as well as problems and contradictions. It is necessary for us to emancipate the mind, raise our spirits, unite as one, take advantage of the favorable conditions, and strive to overcome obstacles in order to promote the socialist modernization and construction of our province.

## II. The Main Goals in the Struggle of the 1990's

Since the Third Plenary Session of the 11th CPC Central Committee, the party's basic line as initiated and gradually shaped in the course of practical undertakings by Comrade Deng Xiaoping constitutes the basic guarantee in the building of socialism with Chinese characteristics. Not long ago, at a crucial moment in China's socialist modernization and construction, Comrade Xiaoping again issued extremely important views on major questions like how to uphold the party's basic line of the "one center, two basic points." These views are of far-reaching significance in our country's endeavor to realize the second-step strategic goal and promote the entire cause of socialist modernization and construction. They should be earnestly studied and profoundly mastered by the cadres and people of all nationalities in the province so that they can creatively integrate the party's guidelines, policies and principles with reality in Qinghai, resolutely promote the economy of nationality-inhabited areas, and struggle to raise the province's national economic and social development to a new level!

The effort to realize the second-step strategic objective in the 1990's poses the following basic demands: On the basis of vigorously raising economic results and improving the economic structure, the GNP should quadruple that of 1980 by the end of this century; on the basis of having resolved the problem of adequate food and clothing, the people's livelihood should advance toward a level of modest comfort, with some areas taking the lead to achieve this level; promote education, spur on scientific and technological progress, improve economic management, and step up key construction as well as construction in rural and pastoral areas in order to lay down a solid foundation to boost economic strength; establish an economic structure and operational mechanism which is suitable to the development of a socialist planned commodity economy and which integrates planned economy with market regulation; step up building of socialist spiritual civilization and further perfect the socialist democracy and legal system.

The aforementioned summary is consistent with the important thesis of Comrade Deng Xiaoping, the central spirit, and our province's prevailing conditions. It is proposed in the "Outline" that to achieve the goal of quadrupling the 1980 GNP, it is necessary for the GNP to grow at an average rate of 7.3 percent in the 1990s. This is 1.3 percentage points higher than the average growth rate in the last 10 years in the country's planning, and also 0.22 percentage points higher than the average rate in the preceding 10 years in the province. Moreover, given the fact that the current economic base number is double that of the 1980 figure, every one percentage point of increase in the last 10 years will involve an absolute value that is decidedly higher than that of the preceding 10 years. Hence, the difficulty involved in economic growth is greater, and the demands are greater.

Economic development in the 1990's is divided into two stages. In the Eighth Five-Year Plan, the annual average growth rate of the GNP is 6 to 6.5 percent; in the Ninth Five-Year Plan period, it is 8 to 8.5 percent. The basis for this arrangement is: The contradictions and deep-seated problems accumulated over the years in our province, such as an irrational economic structure, poor economic results, and unbalanced structural relationship, have not been fundamentally resolved. Consequently, it is necessary to steer the national economy gradually onto the path of a benevolent cycle during the Eighth Five-Year Plan by seizing some key issues; deepening reform intensively; expanding further opening up; improving large and medium-size, as well as local backbone, enterprises; promoting agriculture, animal husbandry, and the commodity economy in rural and pastoral areas; and boosting economic quality and results. Therefore, the economic growth rate has to be lowered a bit. In the Ninth Five-Year Plan, the climate for economic growth will be further improved as economic quality is upgraded, with certain key projects built during the Eighth Five-Year Plan being put into production and the pace of exploiting resources visibly accelerated; following renovation and reorganization, the existing enterprises will be better able to fulfill their internal potential. Hence, the economic growth rate can be sped up a little. Naturally, fluctuations in economic growth rates in different years in this decade could occur. This is also normal, but will not change the general goal of quadrupling the 1980 GNP.

The "Outline" proposed that the people's livelihood should advance toward a level of modest comfort on the basis of having resolved the problem of adequate food and clothing. In general, this is consistent with the country's demand of advancing from adequate food and clothing to a level of modest comfort. Because of the imbalance in the economic growth of different areas, it is logical that some areas in our province will achieve this level of modest comfort ahead of others, while others continue to advance toward this level. To narrow the gap between areas, we should take all factors into consideration while making overall plans, rationalize distribution, and comprehensively promote joint economic and social growth for all areas through the impetus provided by reform and opening up. By the time the Ninth Five-Year Plan is completed, a new economic structure and operational mechanism which is suitable to a socialist planned commodity economy will have been established in the

province; economic strength greatly boosted; science and technology, education, and the building of socialist spiritual civilization visibly improved; and a level of modest comfort basically attained in the people's livelihood, thereby laying down a solid foundation for the realization of the third-step strategic goal. We are convinced that through the joint efforts of the people of all nationalities in the entire province, this objective can be attained.

### III. Basic Guiding Principle for the 10-Year Program and Eighth Five-Year Plan

As the fundamental task of socialism is to emancipate and develop productive forces, all of our work should support and serve this central task. While the internal and external situations in recent years have indeed had their grimmer side, we have been able to withstand the tests for the basic reason that driven by reform and opening up, our economy has grown tremendously and the people's living standards have visibly improved. If socialist China is to stand ever more proudly in the East, it has to concentrate its efforts and energies on satisfactorily accomplishing domestic chores, with the key found in boosting the national economy in a faster and better manner. Once the economy is improved, economic strength will be enhanced, people will become richer, and other problems will be more easily resolved. Better means better results and quality, as well as steady and coordinated growth; faster means cultivating a sense of urgency, taking advantage of opportunities, and striving to rise to a new level every few years. Hence, the central task of economic construction should not be hindered at any time, but should be carried out resolutely and wholeheartedly. This is the general guideline in our work. To firmly conduct this general guideline, we also have to accomplish the following:

1. Emancipate the mind and resolutely promote economic structural reform. Reform is self-perfection and self-development of the socialist system. Only by relentlessly advancing reform will it be possible to give full play to the superiority of the socialist system, and to further emancipate, as well as develop, productive forces. Because our province is located in the remote hinterland, is sealed off from the rest of the country, is conservative, and has a poor awareness of commodity economy, and because of the influence of "leftist" ideas, many of the province's undertakings lack creativity as well as a spirit of exploration. Hence, on the basis of intensively studying the series of important expositions by Comrade Deng Xiaoping, all areas and departments should further erase the "leftist" influence, boldly emancipate their minds, boost their awareness of reform to a level consistent with the effort to develop a socialist commodity economy, and adopt all kinds of effective measures to deepen reform. All measures and methods which are favorable to the development of social productive forces under socialism, to the strengthening of local economic might, and to the raising of people's living standards should be experimented on and carried out boldly; an example should be set in exploring new ideas and methods to make the reforms more effective. To this end, the "Outline" stressed that we should focus on changing the methods of operation, step up the reform of enterprises, and

speed up the development and perfection of a socialist market system based on the principle of unified opening up and fair competition. All these efforts should be centered on the endeavor to set up a new structure and operating mechanism under a socialist planned commodity economy. In line with the principle of fair burden sharing between the state, collective, and individual, we should speed up the reform of a social insurance system. In view of the many levels of productive forces in Qinghai, we should pay more attention to the joint development of different economic sectors. On the basis of stabilizing the system of contracted responsibilities on the household basis, with payment linked to output, we should continue to perfect the management system in which unified management is combined with separate management, and to promote all kinds of collectivized service systems. We should continue to satisfactorily conduct comprehensive coordinated reform in planning, finance, monetary, and price issues, and should speed up the establishment of a provincial-level macroeconomic management system which is also dominated by indirect regulation and control.

2. Break out of enclosure and resolutely expand opening up to the outside world. In expanding to the outside world, it is necessary to break free from the restrictions of ideas related to natural and product economy and to adopt realistic steps to establish, in our province, a new pattern which is open both internally and externally in all directions as soon as possible. Successful experiences from many enterprises have shown that "climbing with borrowed ladders" and "sailing in a borrowed ship" are important means to open up the operation of an enterprise. Given the strength that our province has in terms of resources and the definite foundation that many enterprises possess in terms of equipment, it is possible to upgrade the quality of our enterprises, bolster their competitiveness, continuously raise the domestic and international market share of products from our province, and open up a new situation in economic construction as long as we take the initiative in venturing out, introducing new factors, stepping up technological cooperation, launching various forms of horizontal associations, and integrating our province's rich resources and the vast potential of its enterprises with the technological and management strengths of the advanced regions. Governments at all levels should earnestly bolster their leadership and volunteer to serve as bridge-building enterprises in a genuine attempt to fulfill "support from the government and performance by enterprises." Simultaneous with continuing efforts to promote regional trade with Europe, the United States, Japan, Southeast Asia, and other regions, it is necessary to actively tap markets in the West by taking advantage of the favorable conditions presented by the opening of the Europe-Asia land bridge and the "venturing out of the frontier" to take part in western border trade and open up trade exchanges with the countries of the Commonwealth of Independent States, Eastern Europe, South Asia, and the Middle East. On the basis of developing foreign trade and increasing earnings, it is necessary to speed up the introduction of advanced foreign technology, increase the import of facilities, vigorously open up all kinds of channels in foreign trade and economic

relations, and set up more and more "foreign-funded" enterprises. In view of the new situation related to international competition over commodities, the province should actively set up enterprises outside of the country; speed up the efforts to learn and borrow from the advanced technology, business styles, and management methods—which reflect the law of big socialized production—from all countries of the world, including the developed capitalist states; and master market information at all times. In short, it is necessary to emancipate the mind, break out from enclosure, and strive to shape a new situation characterized by opening up both internally and externally.

3. Underline the focal point and resolutely boost economic quality. The focal point of all contradictions in the present economic life of our province lies in poor economic results. It is also directly related to whether or not our province can steer its national economy into a benevolent cycle, and take advantage of the opportunity to speed up economic development; it is also linked to the pace and degree of reform and opening up. Because of poor economic results and low accumulation rates, finances are caught in a quagmire while all areas lack the capacity to absorb reform, thereby making it impossible to introduce many reform methods in time. Additionally, because of poor economic results, slow technological progress, and low work and management quality, an excellent soft investment climate is missing, while opening to the outside world also lacks appeal. Hence, raising economic quality and results not only represents the basic means to resolve current problems, but also serves as the guiding policy which should be adhered to in future economic undertakings. To raise economic quality, it is necessary, first of all, to put the accent on readjustment of the product mix and the organizational structure of enterprises, to support efforts by enterprises to develop new products, to boost the quality and grade of products, and to bolster competitiveness. For unmarketable products, production should absolutely be limited or suspended, while enterprises suffering from years of deficits should be closed down, suspended, merged, or transformed. Second, it is necessary to promote technological renovation of and progress in enterprises by reinforcing the ability of all sectors and trades to develop technology; and to gradually establish a multi-level technological system, which is dominated by newly-emerging technology and which contains both traditional technology and new and high technology, in order to raise the overall technological level in industry, agriculture, and animal husbandry. Third, it is necessary to strengthen the management of enterprises, raise the quality of enterprises and their workers by deepening the internal reform of enterprises, absorb the advanced management experience and methods from the coastal regions and special economic zones, and bolster steps to train employees and workers. Fourth, adopt different ways of promoting the integration of agriculture, science, and education; the integration of trade (internal and external trade), industry, and agriculture; and the integration of production, supply, and marketing in rural and pastoral areas. Moreover, it is necessary to vigorously develop commodity production as well as township and town enterprises, with the endeavor to boost the quality of labor serving as the foundation, with the

market as guide, and collectivized services as the support, so that the economy in rural and pastoral regions can gradually take the path leading to the development of a high-yield, high quality, and highly efficient commodity economy. Only by seizing the aforementioned key links will it be possible to fundamentally resolve the problem of poor economic results and to enable our province to steer its national economy into a benevolent cycle as early as possible.

4. Work hard, practice thriftiness, and resolutely implement the guidelines of self-reliance and hard work. In seeking to speed up economic development and exploitation of resources in our province, support and assistance from the state and from economically developed regions is essential, but the key lies in self-reliance. As Comrade Li Peng stated: "In the final analysis, efforts to speed up the economic and social development in minority- and nationality-inhabited regions will have to depend on the spirit of self-reliance and hard work of the people of all nationalities, as well as on their ability for continuing self-development." In the 1990s, on one hand, we should endeavor to create conditions, strive to secure state support, take the initiative to launch economic associations and technological cooperation with developed regions, and borrow outside forces to spur on the economic construction in our province; on the other hand, we should also put the accent on self-reliance, foster the spirit of further exploration and hard work, bolster our own capacity for self-improvement, and be prepared to rely more on our own resources in order to conduct construction.

5. Simultaneously master the direction of and resolutely do two types of work [conduct reform and opening up; crack down on crime], attaching equal importance to both. In light of the new situation of deepening reform and expanding opening up in the 1990s, many new problems and circumstances will crop up, either in the economic domain or the superstructure domain. We should uphold the guideline of conducting the simultaneous building of material civilization and spiritual civilization for a long time, resolutely publicize and implement the party's basic line, intensively and protractedly conduct education on adhering to the four cardinal principles and to reform and opening up, firmly seize the central task of economic construction, and bolster our conviction in taking the road of building socialism with Chinese characteristics from generation to generation. It is necessary to vigorously step up ideological and political work; accelerate the development of science, technology, and education; further bolster the socialist culture; and continuously raise the qualities related to ideology, integrity, science, and culture of the people of all nationalities in the province. It is necessary to perfect socialist democracy and the legal system, do a good job in the overall improvement of public security, and establish an excellent social order; it is necessary to severely punish graft and corruption, earnestly correct unhealthy business practices, and relentlessly promote the building of an honest government. It is necessary to bolster education on professional ethics, and to foster a lofty social atmosphere. In view of the aforementioned understanding, the "Outline" pointed out: All areas and departments should take into consideration the realities of Qinghai, and integrate the building of socialist spiritual

civilization on one hand, with the development of a commodity economy in the nationality-inhabited areas, with reform and opening up, and with work on ethnic and religious affairs, on the other hand. They should always consider the building of a high degree of spiritual civilization as a fundamental task in the building of socialism and genuinely implement it at the grass-roots level so as to ensure political, economic, and social stability as well as promote the sound progress of socialist modernization and construction.

6. Engage in exploration and development, and resolutely promote joint development in nationality-inhabited areas. Speeding up economic and social development in nationality-inhabited areas is of tremendous significance to the effort to strengthen unity among nationalities, safeguard political and social stability, and promote the economic revival of the entire province. In more than 40 years, the nationality-inhabited areas in our province have achieved enormous political, economic, and social advances. However, owing to factors shaped by history—such as a weak economic foundation; backwardness in science, technology, and education; and the lack of skilled manpower—gaps of varying degrees still separate the province from the relatively developed regions. Hence, we should look upon efforts to realize common prosperity and promote coordinated growth in nationality-inhabited areas as a basic guideline, implementing it in all aspects of economic construction and social endeavors. It is necessary to give full play to the comparative advantages enjoyed by nationality-inhabited areas, define the exploitation of resources as the principal means to erase poverty and produce wealth, strive to transform potential advantages in resources into real commodity advantages, and reverse the state of relative economic backwardness in nationality-inhabited areas. It is necessary to carry on with various preferential party and state policies designed to help the nationality-inhabited areas develop their economies and to support them with capital, material, and technological forces in their endeavors to boost production, promote circulation, and bolster the economy. To cope with the demands of socialist modernization and construction as well as the demands of reform and opening up, it is imperative to further strengthen the training of cadres of minority nationalities, notably leading cadres as well as all kinds of scientific, technical, and management personnel, in order to ensure the continuing advance of the cause of ethnic unity and progress.

The aforementioned basic guidelines spell out the correct way to realize the second-step strategic objective. As such, they should be comprehensively carried out in our many undertakings in the future, and one guideline should not be overemphasized at the expense of others. In the process of implementation, the principle of the basic guideline remains unchanged, while specific policies and measures should be perfected continuously to make them more consistent with the realities of Qinghai. At present, it is necessary to steadily conduct the stipulated basic guidelines in all kinds of undertakings through a vast amount of meticulous work.

#### IV. The Focal Points of Economic Construction and Social Development

In order to ensure the realization of the 10-Year Program and the Eighth Five-Year Plan objectives, the "Outline" points out that the focal points of the province's economic construction and social development in the 1990's are: Stepping up agriculture and animal husbandry; developing energy and raw and semifinished material industries; transforming machinery, electrical equipment, textile, and other light industries; reinforcing infrastructure construction; giving prominence to scientific, technological, and educational undertakings; and striving to develop the building industry and commodity circulation.

##### 1. Further intensify the foundation of agriculture and animal husbandry.

The steady development of agriculture and animal husbandry is the foundation of economic and social stability and national unity. In agricultural development, we should continue to practice the principle of combining intensive with extensive development, take the road of "stabilizing arable land, tackling per unit area yield, building bases, and augmenting reserve strength," and incrementally raise the rate for self-support in grain and commodity productive capacity. In developing animal husbandry, we should stick to the principle of "establishing pasture land, readjusting the structure, raising total output value, and increasing commodities;" take the road of breeding livestock through constructing production bases and using scientific methods; and raising comprehensive productive capacity. At the same time, we should vigorously develop forestry, fishery, diversified operation, and town and township enterprises in line with local conditions, and should accelerate the comprehensive economic development of rural and pastoral areas. By the end of this century, the total grain output should reach 1.45 million tonnes, and total output of oil-bearing crops, meat, and wool should reach 150,000 tonnes, 220,000 tonnes, and 19,300 tonnes, respectively.

To realize this objective, it is necessary to adopt the following realistic and effective measures of guarantee: 1) Continuously stabilize and perfect the basic policies of rural and pastoral areas. 2) Rely on science and technology to enhance the productive level of agriculture and animal husbandry. We must carry out the strategic measures of integrating agriculture with science and education in a comprehensive way, continuously enhance the scientific and cultural quality of peasants and herdsmen, energetically disseminate and apply the advanced agricultural and animal husbandry scientific and technological achievements, put into practice various technical measures for increasing output such as scientific farming and stock raising, and achieve the aim of invigorating agriculture and animal husbandry through the application of scientific advances and promotion of education. 3) Increase agricultural and animal husbandry input through multiple channels, and push forward the comprehensive development of agriculture and animal husbandry. The key tasks of agricultural development are to revamp irrigation facilities; transform barren hills and medium- and low-yield land; build a number of key conservancy projects of storing and drawing

water for irrigation, flood prevention, and power generation; conduct overall control of small drainage areas; improve the production condition of the existing farmland; and heighten the ability of the farmland to combat drought, flood, and other disasters. Meanwhile, we should open up new farmland and restore deserted land in a planned way, so as to expand land areas. We should properly handle the initial-phase preparatory work of "diverting the Datong He to reinforce the Huang Shui," and should enthusiastically strive to utilize foreign capital and to be listed in the state plans. The development of animal husbandry should focus on building the "four coordinations" and bases for combating disaster and protecting livestock, step up the work to prevent and cure epidemic diseases and to protect grasslands, and increase our capacity for combating disaster and protecting livestock. 4) Pay serious attention to giving free rein to the productive potential of and bringing into full play the demonstrative role of the state-owned farms and pastures, improve productive conditions, raise operational and management levels, and give impetus to their steady development. 5) Develop diversified operations and commodity production in agricultural and pastoral areas. The diversified operation should focus on developing cash crops, aquatics breeding, courtyard economy, household handicrafts, and so on, and incrementally achieve the goal of having a unique product in every village and a unique trade in every township. Commodity production in agricultural and pastoral areas should be market-oriented, and proceed from local reality to suit local conditions. Household operations should be encouraged for those suitable to be run by households, and contracted management should be encouraged for those suitable to be run by collectives. 6) Further develop agroindustry; raise the output and quality of chemical fertilizers, pesticides, and applicable machinery for agriculture and animal husbandry; and suit the demand of the production and development of agriculture and animal husbandry. 7) Energetically develop township and town enterprises and expand the collective economy. Based on local resources and conditions, we should accurately select the direction of development, pool funds through multiple channels, and actively set up enterprises run by townships, villages, joint-households, households, and individuals. Existing enterprises should forge ahead by relying on technological progress, work hard to develop products with local characteristics, and continuously enhance enterprise quality and economic results. 8) Continue to pay attention to the work of supporting the impoverished, actively open up development projects for this purpose, and quicken the pace of getting rid of poverty to create prosperity in the impoverished areas.

##### 2. Vigorously develop energy and raw and semifinished material industries.

Our province is rich in natural resources, and development of these resources is the fundamental way to invigorate Qinghai's economy. Among the numerous resources, water energy, salt lakes, and mineral resources have the greatest advantages. That is why we must take the development of energy and raw and semifinished material industries as the key points of the province's economic construction. In our guiding ideology, we should persist in giving equal stress to

two aspects: One is giving equal stress to tapping potential in old enterprises and to developing resources in newly built enterprises; the other is giving equal stress to supporting the state's key projects in resource development and to enthusiastically developing local industries. In resource development, we must first step up geological prospecting and preliminary demonstrations, and, on the basis of expediting mineral prospecting progress and through adequate scientific demonstrations, select some resource development projects with shorter timeframes and quicker results in line with local conditions in order to wage a war of annihilation with concentrated forces, so that these projects can go into operation at an early date and make the most of their efficiency. We must see to it that all projects are successfully completed and grow from small to large and from a few to many to accelerate the pace of resource development.

Energy development should view electric power industry at the forefront and put into effect the guiding ideology of vigorously developing hydroelectric power stations, appropriately building thermal power plants, actively expanding power networks and, according to circumstances, developing small hydropower and wind power stations. First, we should continue to take firm control of hydropower development at the upper reaches of the Huang He. By the end of this century, we should complete the construction of Lijiaxia Hydropower Station, and strive to start constructing two hydropower stations at Laxiwa and Gongboxia during the Eighth and Ninth Five-Year Plans, respectively. Second, in light of the distribution of the productive forces and the solution of projects for the counties that have no or insufficient electricity supplies, or in which the electrified process is underway, we should select a number of superior sites for building local medium and small hydropower stations. Third, in line with the requirement for electricity and heat supplies for urban industrial and mineral enterprises, we should build a number of coordinated thermal power plants, as well as heat and power plants. Fourth, we should speed up the construction of power networks, incrementally form regional networks, and create conditions to build the province's unified power network. By the end of this century, the province's installed capacity should reach 4.5 million kilowatts and annual generated energy production should reach 15 billion kilowatts.

In the development of the coal industry, we should adopt the principle of giving priority to developing the Reshui mining area, stabilizing Datong coal production, and giving support to small town- and township-operated coal mines in autonomous prefectures and counties; should appropriately increase inputs to improve production conditions; and should do our utmost to increase the output of coal. In the petroleum industry, priority should be given to continuously ensuring the exploration and development of oil and gas fields, increasing knowledge of their deposits, expanding oil extracting capacity, and completing the three projects related to petroleum and natural gas.

The development of raw and semifinished material industries should be combined with the development of superior resources such as hydropower, salt lakes, nonferrous metal mines, and nonmetallic mines. These enterprises should

expand and construct a number of new projects through the transformation of existing enterprises, raise productive and technological levels, expand productive capacity, attach importance to intensive processing, extend trade chains, and gradually form the superior industries and competitive products of the province. We should do all that we can to complete technological transformation projects of existing metallurgical industrial enterprises; to complete key projects, including the second-phase works of the Qinghai Aluminum Plant and Minhe Magnesium Plant, and the Qinghai Nonferrous Metal Smelter; start the construction of the Saishitang Copper Mine; actively develop gold production; raise the output and quality of steel, rolled steel, aluminum, copper, magnesium, ferroalloys, and gold products; reduce consumption; increase varieties; and expand exports to earn foreign exchange. In the chemical industry, we should fully use the resources of salt lakes, petroleum, and natural gas to expedite the development of salt chemical, petrochemical, gas chemical, and fertilizer production. We should do a good job of comprehensively developing and utilizing salt lake resources, expand shortage and product series, and hold fast to the second-phase construction project of the Qinghai Potash Fertilizer Plant to enable the potash fertilizer productive capacity to reach 1 million tonnes during the Ninth Five-Year Plan period. The building material industry should focus on ensuring the technological transformation of existing enterprises in order to fulfill production targets, enhance product quality, and reduce material consumption. Besides these steps, we should rely on our province's nonmetallic mineral resources to develop asbestos and plaster stone product series, and should study how to develop new products and new building materials.

### **3. Actively upgrade machinery, electrical equipment, textile, and other light industries.**

In the upgrade of machinery and electrical equipment, we should adopt new high technology in key areas in order to elevate the upgrading of equipment to a higher level. By improving our products' competitive power in domestic and international markets, we will incrementally form a technological structure and product system that has new high technology as the main body, and turn out competitive products capable of entering huge domestic and international markets. Meanwhile, we should actively develop export goods in order to create foreign exchange, and take firm control of developing quantities of machinery products integrating machinery with electrical equipment and instruments, as well as components and assemblies capable of coordinating with enterprise groups at home and abroad. Through fostering coordination and association between enterprises, we should systematically set up a machine tools industry with products of digital control at the forefront and import engineering machinery with emphasis on bulldozers with high horsepower. We should develop the automotive industry with trucks and refitted vehicles as the main body and, with the development and enhancement of these three backbone industries, spur the province's machinery and electrical equipment industry to scale a new height.

The upgrading of textile and other light industries should focus on readjusting the product mix, improving product

standards and quality, increasing the patterns and varieties, and developing new products to suit the demand of the ever-changing markets. We should pay attention to the technological transformation of the principal industries including textiles, salt, carpets, leather, aluminum products, and cigarettes, centering on product upgrading and new product development with a goal toward pushing forward technological progress and enhancing technological levels and product quality. We should rely on Qinghai's advantages and unique resources to develop medical and foodstuff industries, and study and develop famous, superior, special, and new products with highland characteristics to boost market sales.

#### **4. Speed up the development of infrastructure for communications, transportation, post, and telecommunications.**

Qinghai is situated in an outlying area. Hence, the acceleration of growth in communications, transportation, and post and telecommunications is of vital significance to promoting the province's economic development and opening wider to the outside world. Particularly, with the faster pace of developing Qaidam's resources in recent years, the insufficient transportation capacity of the Qinghai-Tibet Railway has become an important restricting factor. Therefore, the focal point of developing communications and transportation in the 1990's is to do a good job in upgrading the Qinghai-Tibet Railway during the two periods in order to expand its traffic capabilities and transportation capacity so as to meet the demands of Qaidam resource development and economic construction. Moreover, it is necessary to expedite the transformation and upgrading of the main highways, and the construction of county and township roads, especially those in pastoral areas, improve highway transportation conditions, and increase highway transportation capacity. The management of the Xining Caojiabao airport should be further perfected, and efforts should be made to increase domestic air routes to expand air transportation service. In the development of post and telecommunications, we should take as the key links the enhancement of comprehensive communications capacity, quality, and technical competence, speed up construction of trunk line networks inside Qinghai and between provinces, and increase the communications capacity between Xining and other provinces, various autonomous prefectures, counties, and development zones of the province in an effort to realize the objective of having telephone facilities installed in every township, and of raising the popularization rate of urban telephones.

#### **5. Think highly of scientific, technological, and educational development.**

The promotion of scientific and technological advances and development of educational undertakings are matters of fundamental importance in raising the quality of the national economy as a whole and accelerating comprehensive social progress. To this end, the "Outline" definitely puts forward the guiding ideology of "invigorating the province through application of scientific and technological advances." In developing science and technology, we should continue to implement the basic principle that "economic construction must rely on scientific and technological

progress, and scientific and technological work must be oriented to the needs of economic construction," and take the development of the national economy as the main battlefield of scientific and technological work. Centering around the solution of major problems in the fields of industrial, agricultural, and animal husbandry production, technological transformation, resource development, and social undertakings, we should organize the tackling of technological problems, conduct scientific research, and disseminate scientific and technological achievements. In the fields of application, development, and basic research, we should intensify overall planning, dispose forces rationally, give prominence to the main points, attach importance to technological innovation, and expedite the transformation of scientific and technological achievements to become actual productive forces. By way of in-depth scientific and technological structural reform, we should take firm hold of experimentation and summation, bring about as quickly as possible mechanisms to promote the combination of science, technology, and economic construction, adopt various kinds of concrete methods and patterns, and put into practice various policies and measures to foster the combination of the above two aspects. First, we should encourage and support scientific and technological units and institutions of higher learning to set up or jointly set up with enterprises economic entities integrating production with science and technology, and speed up the transformation, dissemination, and application of scientific and technological achievements. Second, we should encourage and support scientific and technological research subjects to be closely combined with economic construction, and pay particular attention to the study and dissemination of medium- and low-yield land transformation, of high-yield, fine quality, and good efficiency techniques for agricultural and animal husbandry products, and of techniques for fine strains breeding, prairie protection, disaster resistance, and livestock protection; do a good job of importing, absorbing, and applying advanced technology, processes, and equipment; strengthen research on resource development, and on protection and utilization of technology in a comprehensive way; reward people according to the results of their studying, spreading, importing, and developing technology in practical application; and give handsome awards to those who have made particularly remarkable achievements. Third, we should highly value work to spread scientific knowledge in rural and pastoral areas, as well as scientific and technological research and development work in enterprises, enhance the vast number of laborers' awareness of the importance of science and technology, extensively and thoroughly conduct massive technical renovation activities, and give impetus to scientific and technological progress and development. Fourth, we should attach importance to basic and soft science research in light of provincial conditions, step up research in the social sciences, and particularly conduct well research in the major subjects with regard to the economic and social development and reform and opening up in the 1990's.

In developing educational undertakings, it is necessary to stick to the principle that "education must serve socialist modernization and be combined with productive labor with

a view to bringing up builders and successors who are developing in an all-round way, morally, intellectually, and physically," give priority to training qualified personnel suitable for local use, and enhance laborers' quality. First, stepping up basic education. The nine-year compulsory education system should be incrementally practiced area after area at different stages in Xining, Haidong Prefecture, and cities and towns in which autonomous prefecture and county governments are located. In pastoral areas, we should persist in running various forms of schools with stress on boarding schools, and work hard to heighten ratios of enrollment, continuation, graduation, and popularization of school-aged children. Second, developing national education. We should continue to run well nationality classes and preparatory courses in national secondary and vocational schools, polytechnic schools, and institutions of higher learning in counties and autonomous prefectures, and develop minority nationalities' scientific and technological personnel and applicable technical and management personnel in pastoral areas. Third, developing vocational and technical education. According to varying requirements, we should develop all sorts of vocational and technical schools focusing on serving secondary and tertiary industries in Xining Prefecture, and run agricultural and animal husbandry vocational secondary schools with stress on applicable techniques of agricultural and animal husbandry and those for developing township and town enterprises and diversified operations in Haidong and other autonomous prefectures and counties. Fourth, readjusting higher education specialty structure, increasing engineering and economics specialties, expanding applicable specialty spheres, and training qualified personnel urgently needed in the province. Fifth, developing adult education focusing on in-service training. We should intensify enterprise staff training, raise the cultural and technical level of the ranks of staff and workers, take firm control of cultural and technical education in rural and pastoral areas, elevate the scientific and cultural standards of the vast number of peasants and herdsmen, and increase their ability to use advanced agricultural and animal husbandry technology.

The key to carrying out the guiding ideology of "invigorating the province through application of scientific and technological advances" lies in giving full play to the role of intellectuals in the modernization drive. For this reason, we must continue to comprehensively implement party policies toward intellectuals; develop the social custom of respecting knowledge and learned people; trust, support, understand, and care for intellectuals; encourage them to go down to grass-roots units, go deep into the realities of life, and go to the first line of production to pioneer a cause and increase abilities; and encourage intellectuals to carry forward the spirit of building Qinghai. Meanwhile, we should set up scientific research funds at the provincial level through multiple fund-raising channels; perfect the policy of "two relaxations"; and encourage scientific organs and their personnel to improve working conditions and increase personal income through creating income sources with priority given to raising the treatment of scientific and technological personnel who have made practical achievements and outstanding contributions in building Qinghai, and encourage

them to perform meritorious deeds and pioneer a cause, thus stabilizing the contingent of intellectuals.

#### **6. Make efforts to develop commodity circulation and building industry.**

In a certain sense, circulation has a decisive effect on production. Governments at all levels should place circulation in a prominent position, and hold fast to circulation in order to promote production. The state and cooperative commercial departments should further play the role as principal channels, tighten the work of procuring and marketing local industrial, agricultural, and animal husbandry products, ensure the supply of residents' daily necessities, actively participate in market regulation, and maintain the prosperity and stability of markets in cities and rural areas. Material supply departments should be geared to the needs of markets, enable material supply to change from focusing on planned distribution in the past to focusing on market supply, strive to handle properly material exchange and coordination within and outside the province, and conduct material distribution and delivery businesses to satisfy demands of production and construction from various quarters. The building industry should adhere to the principle of quality first, enthusiastically adopt new technology, processes, and materials, elevate technological and management levels and, through raising enterprises' overall quality and economic results, accelerate the development of this industry.

In order to bring population growth into line with social development to ensure that the people's living standards in our province are heading for the objective of moderate prosperity, apart from the six focal points mentioned above, there is also the necessity of unswervingly carrying out the basic national policy of family planning, conscientiously strengthening leadership of work, speeding up building basic-level family planning service networks, practicing an objective population management responsibility system, and limiting the province's total population to 5.25 million people by the end of this century.

Qinghai's Eighth Five-Year Plan had a good beginning in 1991. With a view to fulfilling and over fulfilling various targets of national economic development in 1992, governments at all levels should spare no efforts to perform the following tasks well: First, we should strengthen leadership in real earnest and take effective measures to vigorously combat drought, increase the capacity to prevent and fight disasters, take firm control of the implementation of the "3231" project and "1516" plan, and wrest bumper harvests in agriculture and animal husbandry. At the same time, we should expedite the progress of comprehensive agricultural development, energetically develop commodity production and township and town enterprises in rural and pastoral areas, continue to handle properly the work of supporting the impoverished, and give impetus to comprehensive economic development in rural and pastoral areas. Second, we should pay continuous attention to the adjustment of product mix, quicken the pace of enterprise technological transformation, do our utmost to expand production of readily marketable goods and famous and fine

quality products, and seriously restrict production of unsalable and overstocked goods; tighten enterprise management with quality control as the key link, and spur on faster development of industrial production to raise economic results. Third, we should carry out the principle of walking on two legs. While continuing to strive for state investment in key construction and technological transformation projects, we should adopt various ways to go in for a number of small resource development projects characterized by accurate selection, short construction periods, quick results, and good development potential. Fourth, we should further revitalize circulation, positively bring into full play the role of state material, commercial, and grain enterprises as well as supply and marketing cooperatives as the main channels, expand purchase and marketing businesses, and bring about brisk markets in cities and rural areas. Fifth, we should take pains to widely open up financial resources, stick to the principle of planning our expenditures in light of our income, and raise capital utilization results to ensure the balance of revenue and expenditure; continue to optimize the credit structure, and guarantee capital input for agriculture, animal husbandry, key trades, enterprise production, and technological transformation. Sixth, we should make a good start of conscientiously "invigorating the province through application of scientific advances and promotion of education," take firm hold on scientific-technological progress demonstration cities, counties, districts, and pilot enterprises, actively explore how to integrate economics with science, technology, and education, and impel them to better serve economic construction. In short, we should take reform as a motive force, concentrate our energy to take hold of economic construction, and ensure sustained and stable development of the national economy.

### V. On Reform and Opening Up

In the 1990's, the main goal of deepening the reform of the economic system is to tentatively establish a new system of socialist planned commodity economy and an economic operational system which integrates a planned economy with market regulation. It is a very urgent task to accomplish such a huge systems engineering project in the remaining eight years of the 1990's. At the same time, we must firmly grasp favorable opportunities at home and abroad, to expedite the invigoration of Qinghai; to do this, we must seriously sum up experiences, further emancipate minds, make bold innovations, be adventurous and courageous to try out new things, and proceed faster in reform and opening up. Centering on the above-mentioned goals, we must work hard to fulfill the following five major duties:

—We must develop an ownership structure with socialist public ownership as the mainstay and various economic sectors developing together. Based on the current stage of the productive forces in our province, we must, on the premise of upholding the predominant status of public ownership, actively develop the cooperative economy, support and encourage the development of individual and private economies and the mixed economy incorporating different ownerships, and strengthen supervision and management according to law.

—We must develop an enterprise system that is suited to the demand of large-scale collectivized production. Except for a very small number of noncompetitive enterprises, competitive enterprises must become commodity producers and operators who have decision-making power on operation, take sole responsibility for gains and losses, and are capable of self-development and self-restraint.

—We must develop a socialist market system which is centralized but open, equal but competitive, and has sound market planning. At the same time we fully develop commodity market, we must actively develop market production factors such as capital, technology, information, labor, and real estate.

—We must develop a provincial macroeconomic regulation and control system, that integrates direct regulation and control with indirect regulation and control, and that focuses on indirect regulation and control in order to change the government's administrative function and to separate the government from enterprises.

—We must develop an individual income distribution system that centers on distribution according to work and is supplemented by other distribution methods, and build and perfect a social security system.

To deepen reform, the first thing to do is to firmly grasp the central link of enhancing vigor among state-run enterprises, especially state-run large and medium-size enterprises. We will gradually develop an organization and management system and operational mechanism characterized by separation of the government's duty from the enterprises' duty, appropriate separation of two kinds of power, clarification of property rights, legal persons making operational decisions and taking responsibility for gains and losses, and modern enterprises possessing vigor and restraint. At present, we must continue to perfect various kinds of contract responsibility systems. Deficit enterprises must also practice contracted operation, take sole responsibility for losses, use no subsidies to make up for losses, and retain more when losses are reduced. Inside enterprises, employment and wage distribution systems should be reformed, and a new mechanism emphasizing "posts by competition and incomes by contribution" should be built. It is necessary to strengthen work in auditing and assessing enterprises, to enable enterprises to strengthen self-restraint. It is necessary to build and perfect various award systems which encourage inventions, innovations, technological transformation, proposals for rationalization, energy saving, reduction of consumption, and technological progress, and to expedite the formation of a mechanism that is favorable to technological advancement among enterprises. From now on, enterprises can no longer place their hopes on tax reduction and profit retention; to increase returns, they must dig into their internal potential and improve quality.

In order to change the operational mechanisms within state-run enterprises, we must actively explore various kinds of effective and workable patterns of public ownership, including vigorous development of enterprise groups and merging of various kinds; introduce foreign funds and advanced technology to help old enterprises and, starting

from shares held by legal persons under public ownership and shares bought by staff and workers of enterprises, try out stock systems for enterprises. Using this as a turning point, we must promote adjustment of the industrial structure, encourage combination of scientific research and production, optimize enterprises' organizational structures, upgrade professional standards, increase the capacity for technological innovation and for developing new products, and enable enterprises' overall quality to reach a new level.

We must strengthen development of the market and perfect the market system. Based on the principle of integrating the planned economy with market regulation, we will continue to push forward and deepen reform of the circulation system, further invigorate the circulation of commodities and materials, abolish unnecessary checkpoints and outposts, gradually establish a commodity market system that is highly efficient, smooth, equal, competitive, and has sound regulations. We will strengthen overall management of finance; continually expand and perfect the financial markets such as capital, bond, and foreign exchange; issue bonds and shares in a planned manner; and promote various kinds of financing, such as housing savings, housing loans, and investments through agents. At the same time, we must actively develop technology and information markets, diligently foster real estate and labor markets, and gradually build a market system which includes various kinds of production factors markets.

We will actively carry out housing reform and expedite the process of commercializing houses. Housing reform is helpful in attaining the strategic goal of moderate level prosperity, adjusting the industrial structure, expanding the market, and regulating and guiding consumption. Various localities should consider their own actual conditions and use methods such as gradually increasing rents, selling public houses, encouraging individuals to raise funds to build houses, increasing rents beyond prescribed standards, and practicing a new system for new houses, to gradually change the system in which rents are low and houses are distributed gratis.

We need to expedite reform of social security system as the situation develops, and we will view it as a key point of reform during the Eighth Five-Year Plan. The reform of the social security system includes four elements: First, we must develop an old age pension and insurance system for staff members, and gradually implement a system in which fees are shared reasonably by the state, enterprises, and individuals; second, we must develop a medical insurance system, and practice a system in which staff members pay certain fees for medical insurance and appropriately shoulder medical fees; third, we must develop an unemployment insurance system for staff, perfect it, let staff pay insurance fees according to a certain proportion when they are employed, let them obtain compensation according to a certain scale and in a certain period while they are unemployed, and ensure they have the basic necessities and training for other jobs; fourth, we must develop an industrial accidents insurance system, gradually fix the rates of insurance fees for industrial accidents among different trades, and let enterprises pay the fees and society establish an industrial accidents insurance fund for centralized use.

Reform in rural and pastoral areas should, on the premise of stabilizing the responsibility system based on the system of contracted responsibility on a household basis with remuneration linked to output, strengthen land management and improve the contracting method for management of grazing land. Reform should aim at developing a collectivized services system, developing various kinds of specialized operators and commodity production, perfecting the two-tier management system which integrates collective operation with family operation, and boosting collective economic strength by production development and self-accumulation in collectives. The state should support the development of a collectivized services system in rural and pastoral areas in terms of capital, and materials; it should develop various kinds of specialized service organizations, and gradually develop a system providing services before, during, and after production.

It is necessary to further reform administrative systems and styles. Governments of various levels and their functional departments must seriously learn from Document No. 2 of 1992 issued by the CPC Central Committee, and earnestly enhance their awareness about implementing the party's basic line; they should watch out for rightism, but mainly guard against "leftism." Based on the demand of development of a socialist commodity economy, they should further change their functions, duties, and work styles; exercise supervision and administration by providing services; stop all unnecessary interference; and create a relaxed external environment for deepening reform and expanding the opening up. Governments of various levels and their functional departments should thoroughly sort out regulations and methods formulated in recent years, and abolish or amend as soon as possible those which are not in accordance with the "Enterprise Law" and reform and opening up. At the same time, based on the principle of separation of government and enterprises, changes of functions and duties, streamlining administration, and improvement of efficiency, and on a trial basis, we will actively push forward reform of government organizations, and establish a civil service system. We will encourage cadres in government departments to engage in exploratory production or establish businesses while retaining their positions and wages, and to provide leadership for enterprises.

It is necessary to expand opening up. We should establish the concept of one big market, enhance confidence and courage for participating in domestic and international market exchanges and competition. We must go to the special economic zones, border ports, and coastal areas to establish "window" enterprises or sales organizations, to stimulate development of enterprises and economic development in rural and pastoral areas in the province. Relying on enterprises engaging in commerce, supply and sales, foreign trade, and materials, we will encourage various localities, departments, and enterprises to seek extensive cooperation with manufacturers at home and abroad, to establish enterprises in each other's localities as windows for introducing technology, funds, and experience, and to set up factories and shops, and to launch industrial, commercial, and trade activities. In the area of resource development, we must formulate preferential policies, and practice opening

up to the whole country and world, and let "the persons who invests reap profits." Localities that have the conditions and ability to develop must actively develop; localities that have a certain ability but insufficient conditions must diligently improve their investment environments, and import funds, technology, and personnel for joint development; localities that have the resources but lack the ability to develop them may use their resources as capital or invite joint efforts for development, or engage in lease and transfer. Technological personnel who have come from other provinces to assist in technological transformation and provide technological aid and have made outstanding contributions should be given special awards; and individuals within the province who have attracted outside funds for the development of resources or who have successfully arranged for joint efforts should be given awards. At present, we must formulate a list of resource development and economic and technological cooperation projects as soon as possible, select a number of mature projects for bidding by foreign firms, and seek direct investments. The Xining and Donghai areas should exploit their geographical strong points to establish several small development zones, and use preferential policies to attract funds from other provinces and from autonomous prefectures inside the province for setting up enterprises of various kinds.

The key point of reform this year is the deepening of enterprise reform and the change in operational mechanisms within enterprises. We will seriously carry out the six methods formulated by the provincial government for deepening enterprise reform, and make up our mind to advance the reforms of personnel, employment, and distribution systems within enterprises. Centering on a change of operational mechanisms within enterprises, we will push forward the reform of the social security system, and the key point is to establish an unemployment insurance system; we will expedite housing reform, and announce implementation regulations on housing reform in the Xining area in the second half of the year; we will work at developing a market, and the key point is to develop a production, wholesale farm and sideline products, and specific markets; we will further reform the price management system, and expand the scope of market regulation; and we will push forward reforms in planning, investment, taxation, and finance, improve economic management style, and strengthen macroeconomic management that relies mainly on indirect regulation and control. We will continue to perfect policies and measures in the two reform experimental zones in Golmud and Minhe, firmly grasp implementation, and promote their healthy development.

#### VI. On Socialist Spiritual Civilization Construction

Socialist spiritual civilization, which is guided by Marxism, is an important feature of the development of socialism with Chinese characteristics, and an important duty and goal of socialist modernization in our country.

The basic duty of socialist spiritual civilization development is to cultivate socialist citizens who have aspirations, morals, education, and discipline, and to improve the Chinese nation's ideological, moral, and cultural qualities. We must earnestly strengthen ideological and political work,

persistently carry out education on upholding the four cardinal principles and the struggle against peaceful evolution, resist and oppose bourgeois liberalization, and ensure that our economic construction, reform, and opening up are proceeding in the right direction. We must extensively and persistently carry out education on patriotism, collectivism, and socialism to help the broad masses of cadres and people—especially young people—to understand the Marxist world outlook and the law of the gradual development of society, to understand the glorious history and revolutionary tradition of the Chinese nation, and to understand the calamities suffered by our people of various nationalities and their heroic struggles against imperialism and feudalism in the past 100 years, to further enhance the people's faith in socialism, self-respect, and sense of pride; thus, we will use a common ideal to mobilize and unite the people of various nationalities in the entire province to devote themselves to the great undertaking of building and invigorating Qinghai.

Cultural, ideological, and moral development are mutually promoting, and all promote the development of a material civilization. Hence, the "Outline" has made concrete arrangements for the development of culture and the arts, of news and publication, of broadcasting and television, and of health and sports. Governments at various levels must diligently promote the healthy development of various undertakings in society when undertaking economic construction.

Qinghai has residents of various nationalities. Persistence in using Marxist concepts of nationality and of religion to educate the people of various nationalities, is an important part of developing socialist spiritual civilization. We must firmly establish the thought of "all of us standing together," and continuously consolidate and develop socialist nationality relations that are equal, mutually supporting, united, cooperative, and can create common affluence for various nationalities. We must work diligently and well in nationality work and develop the good habit in which all of society safeguards and strengthens nationality unity. We must correctly understand and handle nationality problems, and properly resolve conflicts involving boundaries and grazing hills. We must resolutely resist activities aimed at destroying nationality unity and dividing the motherland, and oppose the return of feudal forces and a sense of tribalism. At the same time, we must thoroughly and correctly implement the party's religious policy, respect and protect the freedom of religious beliefs and the freedom not to believe in religion among the citizens, strengthen management over religious affairs, in accordance with the law, and direct religious activities onto the track of the state's legal system.

The economic and social development and the deepening of reform and opening up necessitate a strengthening of socialist democracy and the development of a legal system. Governments at various levels should voluntarily accept the supervision of the people's congresses and their standing committees at the same levels; take the initiative in strengthening ties with CPPCC committees, various democratic parties, social groups, and persons without party

affiliation; humbly listen to the opinions of various quarters; and gradually develop and perfect a decision-making system and procedure that is democratic and scientific. We must strengthen legislation work, and skillfully use legal means to exercise management and supervision of our economic and social lives in accordance with the law, and gradually direct various tasks onto the track of legalization. We must continue to properly carry out education and propaganda about the legal system, launch the second five-year education program in law popularization, pay attention to actual results, and improve the concept of legality and the concept of the legal system among all of the people.

In order to guarantee the smooth process of socialist modernization and to safeguard social stability, it is necessary to uphold the principle of integrating specialized organs with mass work, mobilize strength from various quarters of the society, thoroughly strengthen comprehensive management of social security, severely crack down on criminals and the elements who have committed economic crimes in accordance with the law, extensively launch the struggle against drugs and the "six vices," ban and stop unlawful activities that harm social security and disrupt social order, and safeguard the normal social order.

Governments at various levels should continue to develop the glorious tradition of supporting the Army and giving preferential treatment to the dependents of servicemen, strengthen unity between the Army and the government, and between the Army and the people, extensively launch activities on the part of both the Army and the people to develop the two civilizations, and create more double support districts and units. It is necessary to vigorously carry out national defense education and strengthen the concept of national defense among all the people.

The development of clean government and of leadership groups at various levels is an important matter that has a bearing on the consolidation of the socialist system and on fostering closer ties between the cadres and the people, and the "Outline" has also raised demands in this regard. Clean government building must first begin with government departments of various levels. The leading cadres of various levels and work personnel must be clean and just, serve the people heart and soul, and consciously resist unhealthy trends. The building of leadership groups of various levels must meet the demands of the new situation and duty; seriously learn from Marxism-Leninism-Mao Zedong Thought; carry on and develop the good tradition of linking theory to reality, fostering close ties with the masses, and giving criticism as well as criticizing oneself; uphold the work method of "coming from the masses and going to the masses;" improve the overall quality of leadership groups; resolutely overcome formalism, bureaucratism, and empty talks; save more energy to do practical things; guarantee implementation of the party's line and various policies and principles; and lead the people of various nationalities in the whole province to forge ahead continuously in socialist modernization construction.

Fellow deputies:

The duties we face in the 1990's are arduous as well as glorious. It is a glorious mission entrusted to us by the times triumphantly to accomplish the 10-Year Program and the Eighth Five-Year Plan. We must resolutely, correctly, and thoroughly implement the party's basic line, further strengthen unity among the people of various nationalities in the whole province, emancipate minds, continuously explore, overcome difficulties along the road with indomitable and tenacious spirit as we advance, and strive hard for attaining the second-step strategic goal!

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